

2017

ANNUAL REPORT

December 31, 2017

BRIDGEWAY LARGE CAP GROWTH FUND

BRIDGEWAY LARGE CAP VALUE FUND

About American Beacon Advisors

Since 1986, American Beacon Advisors 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.

BRIDGEWAY LARGE CAP GROWTH FUND

Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales. Investing in **foreign securities** may involve heightened risk due to currency fluctuations and economic and political risks. While the Fund is managed pursuant to a tax management strategy, the Fund's investments could create **capital gains**. The use of **futures contracts** for cash management may subject the Fund to losing more money than invested. 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.

BRIDGEWAY LARGE CAP VALUE FUND

Investing in **value stocks** may limit downside risk over time; however, the Fund may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk. Investing in **foreign securities** may involve heightened risk due to currency fluctuations and economic and political risks. While the Fund is managed pursuant to a tax management strategy, the Fund's investments could create **capital gains**. The use of **futures contracts** for cash management may subject the Fund to losing more money than invested. 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.

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 each 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



Dear Shareholders,

At American Beacon, we are proud to offer a broad range of equity, fixed-income and alternative mutual fund products for institutions and individuals. Our mutual funds - which span the domestic, international, global, frontier and emerging markets - are sub-advised by experienced portfolio managers who employ distinctive investment processes to manage assets through a variety of economic and market conditions. Together, we work diligently to help our clients and shareholders meet their long-term financial goals.

Institutional wisdom, enduring value. Since our inception as a pension fiduciary in 1986, American Beacon has focused on identifying and overseeing institutional investment managers and portfolio risk management. In 1987, we leveraged our size and experience to launch a series of sub-advised, multi-manager mutual funds providing individual investors access to many of the same institutional managers as our pension clients. Following the financial crisis in 2008, we saw that investors were looking for unique solutions from managers who were not necessarily mainstream. In 2010, we began offering mutual funds from single managers with distinctive investment styles or asset classes. As we continue to expand our family of funds, our solutions-based approach provides innovative investments.

Guiding principles. Our “manager of managers” philosophy is built on a long-standing history of innovative thinking, discipline and consistency in applying our solutions-based approach. As a manager of managers, our goal is to engage the most effective money managers for each asset class, investment style or market strategy - whether through a single sub-advisor or a combination of sub-advisors. Because we take our fiduciary responsibilities very seriously, our thorough manager evaluation and selection process is rigorous and ongoing. Our guiding principles - *predictability, style consistency, competitive pricing and long-term relationships* - provide a strong foundation for our due-diligence process. Our broad range of mutual funds helps investors navigate the economic storms and market downturns in the U.S. and abroad. Our years of experience evaluating sub-advisors have led us to identify and partner with asset managers who have adhered to their disciplined processes for many years and through multiple market cycles.

Focus on asset protection and risk mitigation. We strive to provide innovative, long-term products without gimmicks. From offering some of the first multi-manager funds, one of the first retirement-income funds and the first open-end mutual fund in the U.S. to focus primarily on frontier-market debt, our robust history includes applying a disciplined, solutions-based approach to our product development process to help protect assets and mitigate risk.

Thank you for your continued interest in American Beacon. For additional information about our funds or to access your account information, please visit our website at www.americanbeaconfunds.com.

Best Regards,

A handwritten signature in black ink that reads "Gene L. Needles, Jr." The signature is written in a cursive, flowing style.

Gene L. Needles, Jr.
President
American Beacon Funds

Domestic Equity Market Overview

December 31, 2017 (Unaudited)

During the 12-month period ended December 31, 2017, domestic equity markets ignored any signs of investor skepticism that started the year as markets pushed into their ninth year of this long-running bull market. Volatility remained at suppressed levels within the S&P 500 Index, a broad measure of domestic equity markets, providing positive total returns every month and finishing the year up 21.83%. While large-cap stocks outpaced small-caps, growth stocks exhibited drastic outperformance versus value stocks across all market-cap styles. The Russell 2000 Growth Index outperformed the Russell 2000 Value Index by 14.33%, while the Russell 1000 Growth Index outperformed the Russell 1000 Value Index by 16.55%. While many investors were skeptical of the market's advance in 2017, data during the year suggested the lift in domestic equities reflected the now-visible signs of globally synchronized economic strength.

In the first quarter of 2017, the U.S. equity markets achieved fresh, all-time highs, as optimism from the Trump administration's "pro-growth" agenda spilled over from the fourth quarter of 2016. Despite failure to pass revisions to health-care legislation, the market remained upbeat toward Washington, D.C., on the premise of tax cuts, easing of business regulations and a boost to U.S. infrastructure investment. The economy displayed supportive evidence of further market advances and a March rate hike from the Federal Reserve (the "Fed"). The Purchasing Managers Index, the Consumer Confidence Index and the NFIB Small Business Optimism Index all flashed constructive data. During 2016, the S&P 500 Index's trailing 12-month, year-over-year earnings growth inflected and turned positive after four quarters in negative territory. Large-caps outperformed small-caps, reversing trading patterns from the previous quarter, with Technology stocks leading the way.

In the second quarter, U.S. equities across all market caps delivered gains, shaking off growing concerns regarding the Trump administration's ability to pass pro-growth measures and economic data that was less enthusiastic than the previous quarter, namely within Manufacturing and Consumer Health. Political uncertainty flared up after President Trump dismissed James Comey, the former FBI director. The Fed, however, delivered another 25 basis point (0.25%) rate hike and laid out plans to begin reducing its balance sheet after years of its unprecedented quantitative easing policy program. Large-cap stocks led the march higher for the second quarter, with reflationary sectors at the top - Health Care, Industrials and Financials.

In the third quarter, robust corporate earnings continued, increasing 11.6% on a trailing 12-month basis versus a year ago. Gross domestic product growth of 3.0% was released during the quarter, breaking out from the sub-3.0% growth seen in the economy since the lowest point of the financial crisis. Historic hurricanes were disruptive to Texas, Louisiana and Puerto Rico, but negative outcomes were determined to be transitory (ex-Puerto Rico), displaying the resiliency of U.S. industry. Despite concerns of stubbornly low inflation, the Fed confirmed its balance sheet roll-off beginning in October. Crude oil prices began to solidify above \$50, a key support level, which boosted cyclical energy and industrial stocks. U.S. stocks across all capitalizations made gains.

In the fourth quarter, the U.S. economy and U.S. equities capped off a robust year as corporations delivered another quarter of strong earnings growth. The Technology sector, the best performing sector in the 12-month period, delivered particularly healthy results. The much-awaited Tax Cuts and Jobs Act of 2017 was passed by Congress and signed into law by President Trump on December 22. Markets jumped on this news as the permanent tax cut is expected to make U.S. companies more competitive than non-domestic peers. U.S. Treasury yields, led by the short end of the yield curve, rose during the quarter and caused interest-rate sensitive sectors, such as Real Estate and Utilities, to underperform the broader market. In December, the Fed lifted base rates for the third time during the year and lifted their U.S. 2018 economic growth forecast to 2.5% from 2.1%.

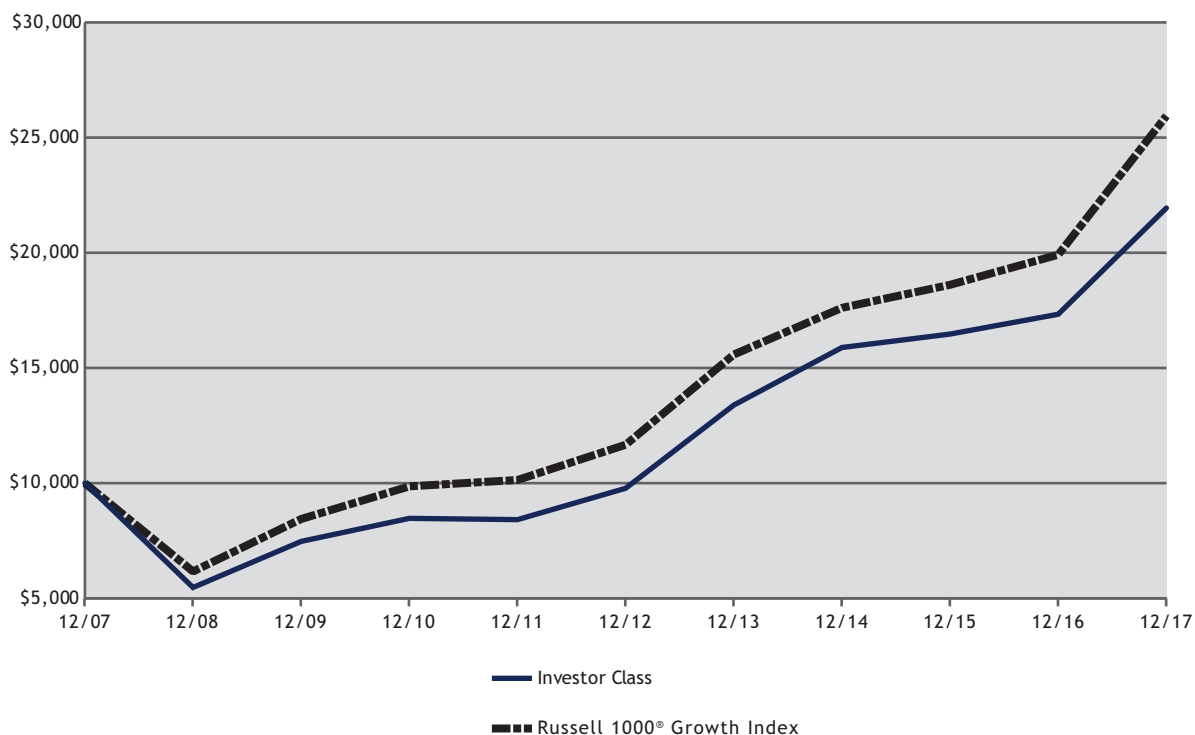
American Beacon Bridgeway Large Cap Growth FundSM

Performance Overview

December 31, 2017 (Unaudited)

The Investor Class of the American Beacon Bridgeway Large Cap Growth Fund (the “Fund”) returned 26.72% for the twelve months ended December 31, 2017, compared to the Russell 1000[®] Growth Index (the “Index”) return of 30.21% for the same period.

Comparison of Change in Value of a \$10,000 Investment for the period from 12/31/2007 through 12/31/2017



Total Returns for the Period Ended December 31, 2017

	Ticker	1 Year	3 Years	5 Years	10 Years	Value of \$10,000 12/31/2007- 12/31/2017
Institutional Class (1,7)	BRLGX	27.21%	11.65%	17.77%	8.25%	\$22,102
Y Class (1,2,7)	BLYYX	28.17%	11.90%	17.93%	8.33%	\$22,251
Investor Class (1,3,7)	BLYPX	26.72%	11.37%	17.60%	8.17%	\$21,937
A without Sales Charge (1,4,7)	BLYAX	27.00%	11.47%	17.66%	8.20%	\$21,994
A with Sales Charge (1,4,7)	BLYAX	19.69%	9.29%	16.27%	7.57%	\$20,736
C without Sales Charge (1,5,7)	BLYCX	26.82%	11.14%	17.45%	8.11%	\$21,801
C with Sales Charge (1,5,7)	BLYCX	25.82%	11.14%	17.45%	8.11%	\$21,801
Russell 1000 [®] Growth Index (6)		30.21%	13.79%	17.33%	10.00%	\$25,930

- 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 date indicated, and current performance may be lower or higher than the performance data quoted. To obtain performance as of the most recent month end, please visit www.americanbeaconfunds.com or call 1-800-967-9009. Fund performance in the table above does not reflect the deduction of taxes a shareholder would pay on distributions or the redemption of shares. Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only; and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights. Please note that the recent performance of the securities market has helped produce short-term returns that are not typical and may not continue in the future. 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.
- Fund performance for the five-year and ten-year periods represent the returns achieved by the Institutional Class from 12/31/07 up to 2/5/16, the inception date of the Y Class, and the returns of the Y Class since its inception. Expenses of the Y Class are higher than those of the Institutional Class. As a result, total returns shown may be higher than they would have been had the Y Class been in existence since 12/31/07.

American Beacon Bridgeway Large Cap Growth FundSM

Performance Overview

December 31, 2017 (Unaudited)

- Fund performance for the five-year and ten-year periods represent the returns achieved by the Institutional Class from 12/31/07 up to 2/5/16, the inception date of the Investor Class, and the returns of the Investor Class since its inception. Expenses of the Investor Class are higher than those of the Institutional Class. Therefore, total returns shown may be higher than they would have been had the Investor Class been in existence since 12/31/07.*
- Fund performance for the five-year and ten-year periods represent the returns achieved by the Institutional Class from 12/31/07 through 2/5/16, the inception date of the A Class, and the returns of the A Class since its inception. Expenses of the A Class are higher than those of the Institutional Class. As a result, total returns shown may be higher than they would have been had the A Class been in existence since 12/31/07. A Class shares have a maximum sales charge of 5.75%.*
- Fund performance for the five-year and ten-year periods represent the returns achieved by the Institutional Class from 12/31/07 through 2/5/16, the inception date of the C Class, and the returns of the C Class since its inception. Expenses of the C Class are higher than those of the Institutional Class. As a result, total returns shown may be higher than they would have been had the C Class been in existence since 12/31/07. C Class has a maximum contingent deferred sales charge of 1.00% for shares redeemed within one year of the date of purchase.*
- The Russell 1000[®] Growth Index is an unmanaged index of those stocks in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Growth Index and Russell 1000 Index are registered trademarks of the Frank Russell Company. One cannot directly invest in an index.*
- The Total Annual Fund Operating Expense ratios set forth in the most recent Fund prospectus for the Institutional, Y, Investor, A, and C Class shares were 1.03%, 1.10%, 1.56%, 1.44%, and 2.19%, respectively. The expense ratios above may vary from the expense ratios presented in other sections of this report that are based on expenses incurred during the period covered by this report.*

The Fund trailed the Index for the period as both stock selection and sector allocation detracted value relative to the Index.

Most of the Fund's underperformance related to security selection was attributed to holdings in the Consumer Discretionary and Information Technology sectors. Within Consumer Discretionary, Ulta Beauty down 11.5% and Autozone down 35.8% were the largest detractors. In the Information Technology sector, the Fund's absence from Apple, which was up 48.5% in the Index, negatively impacted performance. Good security selection in the Health Care sector added relative value; however, performance within this sector was not enough to offset the aforementioned poor performance. In the Health Care sector, Align Technology up 135.2% and Intuitive Surgical up 75.8% contributed most to the Fund's return.

From a sector allocation perspective, the Fund's overweight in Energy, the worst performing sector, detracted value relative to the Index. An underweight allocation to Information Technology, the second best performing sector, also detracted from performance. An overweight position in the Industrials sector added relative value.

The sub-advisor continues to invest in a broadly diversified portfolio of companies that they believe have attractive valuations and above-average earnings growth potential. This approach should allow the Fund to benefit over the longer term.

Top Ten Holdings (% Net Assets)

Micron Technology, Inc.	2.3
Apple, Inc.	2.1
Boeing Co.	2.1
United Rentals, Inc.	2.0
Amazon.com, Inc.	2.0
NVIDIA Corp.	1.9
Align Technology, Inc.	1.9
UnitedHealth Group, Inc.	1.9
Applied Materials, Inc.	1.9
Lam Research Corp.	1.8

Total Fund Holdings

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American Beacon Bridgeway Large Cap Growth FundSM

Performance Overview

December 31, 2017 (Unaudited)

Sector Allocation (% Equities)

Information Technology	34.4
Consumer Discretionary	16.0
Industrials	15.5
Health Care	15.2
Consumer Staples	5.8
Materials	5.5
Financials	5.2
Telecommunication Services	1.2
Real Estate	1.2

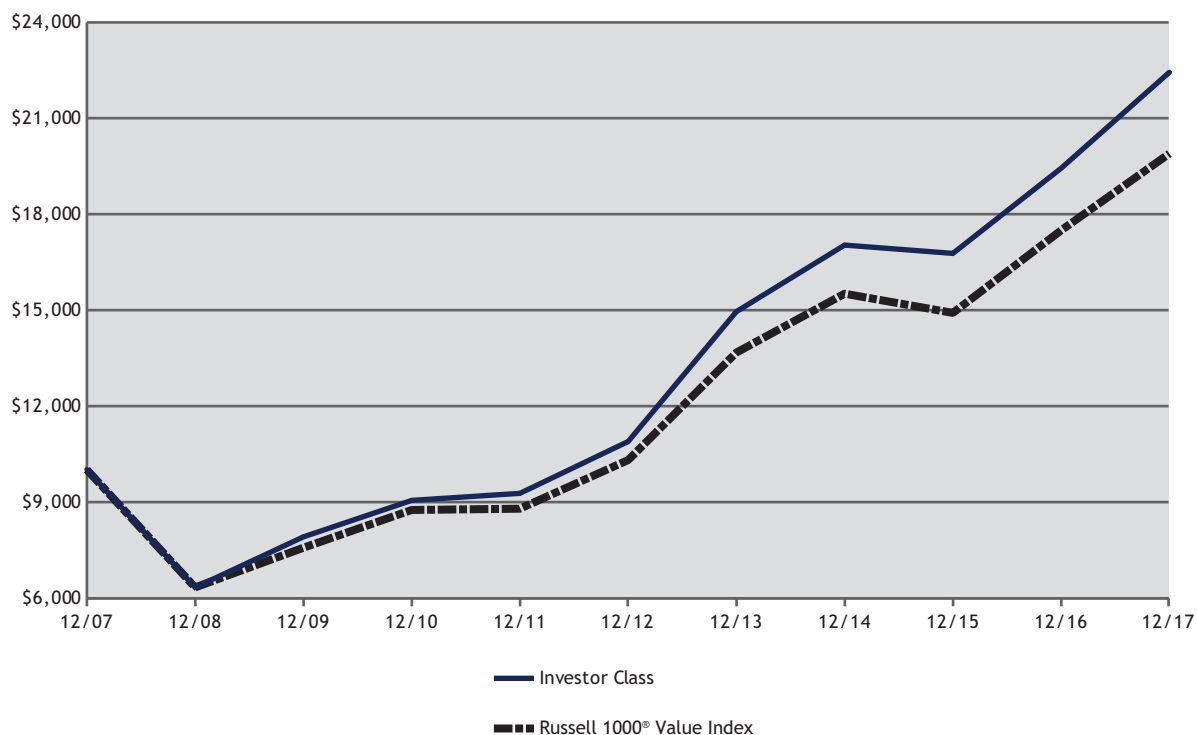
American Beacon Bridgeway Large Cap Value FundSM

Performance Overview

December 31, 2017 (Unaudited)

The Investor Class of the American Beacon Bridgeway Large Cap Value Fund (the “Fund”) returned 15.52% for the twelve months ended December 31, 2017. The Fund outperformed the Russell 1000[®] Value Index (the “Index”) return of 13.66% for the same period.

Comparison of Change in Value of a \$10,000 Investment for the period from 12/31/2007 through 12/31/2017



Total Returns for the Period Ended December 31, 2017

	Ticker	1 Year	3 Years	5 Years	10 Years	Value of \$10,000 12/31/2007- 12/31/2017
Institutional Class (1,7)	BRLVX	15.88%	9.98%	15.92%	8.61%	\$22,843
Y Class (1,2,7)	BWLYX	15.82%	9.93%	15.84%	8.57%	\$22,756
Investor Class(1,3,7)	BWLIX	15.52%	9.63%	15.55%	8.41%	\$22,416
A without Sales Charge (1,4,7)	BWLAX	15.42%	9.57%	15.45%	8.34%	\$22,285
A with Sales Charge (1,4,7)	BWLAX	8.76%	7.44%	14.09%	7.70%	\$21,003
C without Sales Charge (1,5,7)	BWLCX	14.58%	8.77%	14.59%	7.89%	\$21,364
C with Sales Charge (1,5,7)	BWLCX	13.58%	8.77%	14.59%	7.89%	\$21,364
R6 Class	BWLRX	15.83%	9.97%	15.91%	8.61%	\$22,833
Russell 1000 [®] Value Index (6)		13.66%	8.65%	14.04%	7.10%	\$19,863

- 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 date indicated, and current performance may be lower or higher than the performance data quoted. To obtain performance as of the most recent month end, please visit www.americanbeaconfunds.com or call 1-800-967-9009. Fund performance in the table above does not reflect the deduction of taxes a shareholder would pay on distributions or the redemption of shares. Please note that the recent performance of the securities market has helped produce short-term returns that are not typical and may not continue in the future. A portion of the fees charged to the Institutional Class was waived from 2008 through 2013, partially recovered in 2014, and fully recovered in 2015. Performance prior to waiving fees was lower than the actual returns shown from 2008 through 2013.
- Fund performance for the ten-year period represents the returns achieved by the Institutional Class from 12/31/07 up to 2/3/12, the inception date of the Y Class, and the returns of the Y Class since its inception. Expenses of the Y Class are higher than those of the Institutional Class. As a result, total returns shown may be higher than they would have been had the Y Class been in existence since 12/31/07. A portion of the fees charged to the Y Class was waived in 2012, partially recovered in 2013 and fully recovered in 2014. Performance prior to waiving fees was lower than the actual returns shown in 2012.

American Beacon Bridgeway Large Cap Value FundSM

Performance Overview

December 31, 2017 (Unaudited)

- Fund performance for the ten-year period represents the returns achieved by the Institutional Class from 12/31/07 up to 2/3/12, the inception date of the Investor Class, and the returns of the Investor Class since its inception. Expenses of the Investor Class are higher than those of the Institutional Class. Therefore, total returns shown may be higher than they would have been had the Investor Class been in existence since 12/31/07. A portion of the fees charged to the Investor Class was waived in 2012 and fully recovered in 2013. Performance prior to waiving fees was lower than the actual returns shown in 2012.*
- Fund performance for the ten-year period represents the returns achieved by the Institutional Class from 12/31/07 through 2/3/12, the inception date of the A Class, and the returns of the A Class since its inception. Expenses of the A Class are higher than those of the Institutional Class. As a result, total returns shown may be higher than they would have been had the A Class been in existence since 12/31/07. A portion of the fees charged to the A Class was waived in 2012 and 2013 and fully recovered in 2014. Performance prior to waiving fees was lower than the actual returns shown in 2012 and 2013. A Class shares have a maximum sales charge of 5.75%.*
- Fund performance for the ten-year period represents the returns achieved by the Institutional Class from 12/31/07 through 2/3/12, the inception date of the C Class, and the returns of the C Class since its inception. Expenses of the C Class are higher than those of the Institutional Class. As a result, total returns shown may be higher than they would have been had the C Class been in existence since 12/31/07. A portion of the fees charged to the C Class was waived in 2012 and 2013 and fully recovered in 2014. Performance prior to waiving fees was lower than the actual returns shown in 2012 and 2013. C Class has a maximum contingent deferred sales charge of 1.00% for shares redeemed within one year of the date of purchase.*
- The Russell 1000[®] Value Index is an unmanaged index of those stocks in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. Russell 1000 Value Index and Russell 1000 Index are registered trademarks of the Frank Russell Company. One cannot directly invest in an index.*
- The Total Annual Fund Operating Expense ratios set forth in the most recent Fund prospectus for the Institutional, Y, Investor, A, C and R6 Class shares was 0.73%, 0.80%, 1.08%, 1.12%, 1.86%, and 0.71%, respectively. The expense ratios above may vary from the expense ratios presented in other sections of this report that are based on expenses incurred during the period covered by this report.*

The Fund outperformed the Index as both stock selection and sector allocation added value relative to the Index.

From a stock selection perspective, the Fund's Energy, Information Technology and Consumer Staples sectors added the most relative value. Within the Energy sector, the Fund's absence from Exxon Mobil and Schlumberger, which were down 3.8% and 17.4%, respectively, in the Index, positively impacted performance. The Fund's allocation in Valero Energy up 39.8% also added relative value. Companies in the Information Technology sector contributing to the Fund's return included Applied Materials up 76.3%, Lam Research up 77.0% and Micron Technology up 37.2%. Wal-Mart Stores up 48.1% was the largest contributor in the Consumer Staples sector. The Fund's absence from Walgreens Boots Alliance, which was down 10.5% in the Index, also added relative value. The aforementioned good performance was somewhat offset by securities held in the Fund's Health Care sector. Mallinckrodt down 29.9% and Allergan down 30.2% were the largest detractors in Health Care.

From a sector allocation standpoint, the Fund's underweight position in Energy and Real Estate, two of the poorer performing sectors, added value relative to the Index. An overweight allocation in Telecommunication Services, the worst performing sector, detracted from the Fund's return.

The sub-advisor continues to invest in a broadly diversified portfolio of companies that they believe have attractive valuations and above-average earnings growth potential. This approach should allow the Fund to benefit over the longer term.

Top Ten Holdings (% Net Assets)

Micron Technology, Inc.	1.9
Wal-Mart Stores, Inc.	1.8
Valero Energy Corp.	1.8
Bank of America Corp.	1.8
Citigroup, Inc.	1.6
LyondellBasell Industries N.V., Class A	1.6
Best Buy Co., Inc.	1.5
Intel Corp.	1.5
Corning, Inc.	1.4
Spirit AeroSystems Holdings, Inc., Class A	1.4

Total Fund Holdings

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American Beacon Bridgeway Large Cap Value FundSM

Performance Overview

December 31, 2017 (Unaudited)

Sector Allocation (% Equities)

Financials	27.3
Industrials	13.1
Consumer Discretionary	12.1
Health Care	11.4
Information Technology	10.5
Consumer Staples	8.6
Energy	6.4
Utilities	4.9
Materials	4.2
Telecommunication Services	0.9
Real Estate	0.6

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 Funds 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 July 1, 2017 through December 31, 2017.

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 Institutional 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 Funds 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 Institutional Classes that invest in the Funds through an IRA or Roth IRA may be subject to a custodial IRA fee of \$15 that is typically deducted each December. If your account was subject to a custodial IRA fee during the period, your costs would have been \$15 higher.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs charged by the Funds, 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 FundsSM

Expense Examples

December 31, 2017 (Unaudited)

American Beacon Bridgeway Large Cap Growth Fund

	Beginning Account Value 7/1/2017	Ending Account Value 12/31/2017	Expenses Paid During Period 7/1/2017-12/31/2017*
Institutional Class			
Actual	\$1,000.00	\$1,148.60	\$4.39
Hypothetical**	\$1,000.00	\$1,021.10	\$4.13
Y Class			
Actual	\$1,000.00	\$1,148.00	\$4.93
Hypothetical**	\$1,000.00	\$1,020.60	\$4.63
Investor Class			
Actual	\$1,000.00	\$1,146.40	\$6.44
Hypothetical**	\$1,000.00	\$1,019.20	\$6.06
A Class			
Actual	\$1,000.00	\$1,147.00	\$6.55
Hypothetical**	\$1,000.00	\$1,019.10	\$6.16
C Class			
Actual	\$1,000.00	\$1,142.20	\$10.58
Hypothetical**	\$1,000.00	\$1,015.30	\$9.96

* Expenses are equal to the Fund's annualized expense ratios for the six-month period of 0.81%, 0.91%, 1.19%, 1.21%, and 1.96% for the Institutional, Y, Investor, A, and C 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 Bridgeway Large Cap Value Fund

	Beginning Account Value 7/1/2017	Ending Account Value 12/31/2017	Expenses Paid During Period 7/1/2017-12/31/2017*
Institutional Class			
Actual	\$1,000.00	\$1,116.40	\$3.89
Hypothetical**	\$1,000.00	\$1,021.50	\$3.72
Y Class			
Actual	\$1,000.00	\$1,116.10	\$4.27
Hypothetical**	\$1,000.00	\$1,021.20	\$4.08
Investor Class			
Actual	\$1,000.00	\$1,114.80	\$5.70
Hypothetical**	\$1,000.00	\$1,019.80	\$5.45
A Class			
Actual	\$1,000.00	\$1,114.10	\$5.70
Hypothetical**	\$1,000.00	\$1,019.80	\$5.45
C Class			
Actual	\$1,000.00	\$1,110.20	\$9.68
Hypothetical**	\$1,000.00	\$1,016.00	\$9.25
R6 Class			
Actual	\$1,000.00	\$1,115.90	\$3.79
Hypothetical**	\$1,000.00	\$1,021.60	\$3.62

* Expenses are equal to the Fund's annualized expense ratios for the six-month period of 0.73%, 0.80%, 1.07%, 1.07%, 1.82%, and 0.71% for the Institutional, Y, Investor, A, C, 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 FundsSM

Report of Independent Registered Public Accounting Firm

To the Shareholders of American Beacon Bridgeway Large Cap Growth Fund and American Beacon Bridgeway Large Cap Value Fund and the Board of Trustees of American Beacon Funds

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities of American Beacon Bridgeway Large Cap Growth Fund and American Beacon Bridgeway Large Cap Value Fund (collectively referred to as the “Funds”), (two of the funds constituting American Beacon Funds (the “Trust”)), including the schedules of investments, as of December 31, 2017, and the related statements of operations and changes in net assets, and the financial highlights for each of the periods indicated in the table below and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds (two of the funds constituting American Beacon Funds) at December 31, 2017, the results of their operations, changes in net assets and financial highlights for each of the periods indicated in the table below, in conformity with U.S. generally accepted accounting principles. The financial highlights for the periods ended June 30, 2015, 2014 and 2013 of American Beacon Bridgeway Large Cap Growth Fund were audited by other auditors whose report dated August 27, 2015, expressed an opinion on those financial statements and financial highlights.

<u>Individual fund constituting the American Beacon Funds</u>	<u>Statement of operations</u>	<u>Statements of changes in net assets</u>	<u>Financial highlights</u>
American Beacon Bridgeway Large Cap Growth Fund	For the year ended December 31, 2017	For the year ended December 31, 2017, the six months ended December 31, 2016 and the year ended June 30, 2016	For the year ended December 31, 2017, the six months ended December 31, 2016 and each of the four years in the period ended June 30, 2016
American Beacon Bridgeway Large Cap Value Fund	For the year ended December 31, 2017	For each of the two years in the period ended December 31, 2017	For each of the five years in the period ended December 31, 2017

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

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

Dallas, Texas
February 28, 2018

American Beacon Bridgeway Large Cap Growth FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 99.39%		
Consumer Discretionary - 15.94%		
Auto Components - 2.16%		
Aptiv PLC	27,600	\$ 2,341,308
Delphi Technologies PLC ^A	9,199	482,671
Lear Corp.	15,500	2,738,230
		<u>5,562,209</u>
Automobiles - 1.03%		
Thor Industries, Inc.	17,600	2,652,672
Hotels, Restaurants & Leisure - 0.94%		
Domino's Pizza, Inc.	12,800	2,418,688
Household Durables - 1.89%		
NVR, Inc. ^A	600	2,104,932
Toll Brothers, Inc.	57,100	2,741,942
		<u>4,846,874</u>
Internet & Direct Marketing Retail - 4.38%		
Amazon.com, Inc. ^A	4,300	5,028,721
Netflix, Inc. ^A	24,200	4,645,432
Priceline Group, Inc. ^A	900	1,563,966
		<u>11,238,119</u>
Media - 1.80%		
Comcast Corp., Class A	78,500	3,143,925
Viacom, Inc., Class B	47,800	1,472,718
		<u>4,616,643</u>
Multiline Retail - 1.63%		
Nordstrom, Inc.	46,400	2,198,432
Target Corp.	30,400	1,983,600
		<u>4,182,032</u>
Specialty Retail - 2.11%		
Gap, Inc.	42,900	1,461,174
Ulta Salon Cosmetics & Fragrance, Inc. ^A	17,700	3,958,782
		<u>5,419,956</u>
Total Consumer Discretionary		<u>40,937,193</u>
Consumer Staples - 5.78%		
Beverages - 1.49%		
Coca-Cola Co.	83,300	3,821,804
Food & Staples Retailing - 1.28%		
Sysco Corp.	54,200	3,291,566
Food Products - 2.20%		
General Mills, Inc.	49,300	2,922,997
Kellogg Co.	40,000	2,719,200
		<u>5,642,197</u>
Personal Products - 0.81%		
Estee Lauder Companies, Inc., Class A	16,300	2,074,012
Total Consumer Staples		<u>14,829,579</u>

See accompanying notes

American Beacon Bridgeway Large Cap Growth FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 99.39% (continued)		
Financials - 5.14%		
Capital Markets - 1.10%		
SEI Investments Co.	39,200	\$ 2,816,912
Consumer Finance - 1.45%		
Capital One Financial Corp.	37,300	3,714,334
Diversified Financial Services - 0.91%		
Leucadia National Corp.	88,400	2,341,716
Insurance - 1.68%		
Lincoln National Corp.	25,100	1,929,437
Reinsurance Group of America, Inc.	15,300	2,385,729
		4,315,166
Total Financials		13,188,128
Health Care - 15.09%		
Biotechnology - 3.27%		
AbbVie, Inc.	28,500	2,756,235
Gilead Sciences, Inc.	36,600	2,622,024
Vertex Pharmaceuticals, Inc. ^A	20,200	3,027,172
		8,405,431
Health Care Equipment & Supplies - 4.36%		
ABIOMED, Inc. ^A	13,300	2,492,553
Align Technology, Inc. ^A	21,700	4,821,523
IDEXX Laboratories, Inc. ^A	24,800	3,878,224
		11,192,300
Health Care Providers & Services - 4.89%		
Centene Corp. ^A	26,400	2,663,232
Cigna Corp.	12,000	2,437,080
HCA Healthcare, Inc. ^A	30,500	2,679,120
UnitedHealth Group, Inc.	21,700	4,783,982
		12,563,414
Life Sciences Tools & Services - 2.57%		
IQVIA Holdings, Inc. ^A	26,200	2,564,980
Mettler-Toledo International, Inc. ^A	6,500	4,026,880
		6,591,860
Total Health Care		38,753,005
Industrials - 15.44%		
Aerospace & Defense - 3.13%		
Boeing Co.	18,100	5,337,871
Huntington Ingalls Industries, Inc.	11,400	2,686,980
		8,024,851
Airlines - 3.03%		
American Airlines Group, Inc.	65,800	3,423,574
Delta Air Lines, Inc.	38,900	2,178,400
United Continental Holdings, Inc. ^A	32,500	2,190,500
		7,792,474
Commercial Services & Supplies - 2.27%		
Cintas Corp.	18,000	2,804,940
Rollins, Inc.	64,800	3,015,144
		5,820,084

See accompanying notes

American Beacon Bridgeway Large Cap Growth FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 99.39% (continued)		
Industrials - 15.44% (continued)		
Industrial Conglomerates - 1.04%		
Honeywell International, Inc.	17,400	\$ 2,668,464
Machinery - 3.96%		
Deere & Co.	18,100	2,832,831
Toro Co.	34,800	2,270,004
WABCO Holdings, Inc. ^A	17,000	2,439,500
Xylem, Inc.	38,400	2,618,880
		10,161,215
Trading Companies & Distributors - 2.01%		
United Rentals, Inc. ^A	30,100	5,174,491
		39,641,579
Information Technology - 34.17%		
Communications Equipment - 1.97%		
Arista Networks, Inc. ^A	10,400	2,450,032
F5 Networks, Inc. ^A	19,800	2,598,156
		5,048,188
Electronic Equipment, Instruments & Components - 3.07%		
Amphenol Corp., Class A	42,800	3,757,840
Cognex Corp.	34,400	2,103,904
IPG Photonics Corp. ^A	9,400	2,012,822
		7,874,566
Internet Software & Services - 0.73%		
GoDaddy, Inc., Class A ^A	37,300	1,875,444
IT Services - 2.99%		
Broadridge Financial Solutions, Inc.	30,400	2,753,632
Mastercard, Inc., Class A	15,300	2,315,808
PayPal Holdings, Inc. ^A	35,500	2,613,510
		7,682,950
Semiconductors & Semiconductor Equipment - 14.15%		
Applied Materials, Inc.	93,100	4,759,272
Intel Corp.	58,000	2,677,280
KLA-Tencor Corp.	25,000	2,626,750
Lam Research Corp.	25,400	4,675,378
Microchip Technology, Inc.	27,000	2,372,760
Micron Technology, Inc. ^A	141,100	5,802,032
NVIDIA Corp.	25,100	4,856,850
ON Semiconductor Corp. ^A	94,000	1,968,360
Teradyne, Inc.	58,800	2,461,956
Texas Instruments, Inc.	39,500	4,125,380
		36,326,018
Software - 8.36%		
Cadence Design Systems, Inc. ^A	107,400	4,491,468
Electronic Arts, Inc. ^A	16,600	1,743,996
Intuit, Inc.	23,700	3,739,386
Microsoft Corp.	40,600	3,472,924
Red Hat, Inc. ^A	15,900	1,909,590
ServiceNow, Inc. ^A	26,000	3,390,140
Take-Two Interactive Software, Inc. ^A	24,800	2,722,544
		21,470,048

See accompanying notes

American Beacon Bridgeway Large Cap Growth FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 99.39% (continued)		
Information Technology - 34.17% (continued)		
Technology Hardware, Storage & Peripherals - 2.90%		
Apple, Inc.	31,600	\$ 5,347,668
Western Digital Corp.	26,400	2,099,592
		<u>7,447,260</u>
Total Information Technology		87,724,474
Materials - 5.42%		
Chemicals - 2.05%		
Ecolab, Inc.	17,900	2,401,822
LyondellBasell Industries N.V., Class A	25,900	2,857,288
		<u>5,259,110</u>
Containers & Packaging - 1.85%		
Avery Dennison Corp.	22,600	2,595,836
Crown Holdings, Inc. ^A	38,200	2,148,750
		<u>4,744,586</u>
Metals & Mining - 1.52%		
Southern Copper Corp.	82,500	3,914,625
		<u>13,918,321</u>
Real Estate - 1.20%		
Real Estate Management & Development - 1.20%		
CBRE Group, Inc., Class A ^A	71,400	3,092,334
Telecommunication Services - 1.21%		
Wireless Telecommunication Services - 1.21%		
T-Mobile US, Inc. ^A	48,800	3,099,288
		<u>255,183,901</u>
Total Common Stocks (Cost \$216,217,937)		
SHORT-TERM INVESTMENTS - 0.56% (Cost \$1,441,964)		
Investment Companies - 0.56%		
American Beacon U.S. Government Money Market Select Fund, Select Class, 1.13% ^{B C}	1,441,964	1,441,964
		<u>256,625,865</u>
TOTAL INVESTMENTS - 99.95% (Cost \$217,659,901)		121,746
OTHER ASSETS, NET OF LIABILITIES - 0.05%		<u>\$ 256,747,611</u>

Percentages are stated as a percent of net assets.

^A Non-income producing security.

^B The Fund is affiliated by having the same investment advisor.

^C 7-day yield.

PLC - Public Limited Company.

Futures Contracts Open on December 31, 2017:

Long Futures

Equity Futures Contracts

Description	Number of Contracts	Expiration Date	Notional Amount	Contract Value	Unrealized Appreciation (Depreciation)
S&P 500 E-Mini Index Futures	10	March 2018	\$ 1,343,422	\$ 1,338,000	\$ (5,422)
			<u>\$ 1,343,422</u>	<u>\$ 1,338,000</u>	<u>\$ (5,422)</u>

See accompanying notes

American Beacon Bridgeway Large Cap Growth FundSM

Schedule of Investments

December 31, 2017

Index Abbreviations:

S&P 500 Standard & Poor's U.S. Equity Large-Cap Index

The Fund's investments are summarized by level based on the inputs used to determine their values. As of December 31, 2017, the investments were classified as described below:

Bridgeway Large Cap Growth Fund	Level 1	Level 2	Level 3	Total
Assets				
Common Stocks	\$ 255,183,901	\$ -	\$ -	\$ 255,183,901
Short-Term Investments	1,441,964	-	-	1,441,964
Total Investments in Securities - Assets	<u>\$ 256,625,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,625,865</u>
Financial Derivative Instruments - Liabilities				
Futures Contracts	\$ (5,422)	\$ -	\$ -	\$ (5,422)
Total Financial Derivative Instruments - Liabilities	<u>\$ (5,422)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,422)</u>

U.S. GAAP requires all transfers between any levels to be disclosed. The end of period timing recognition has been adopted for the transfers between levels of the Fund's assets and liabilities. During the period ended December 31, 2017, there were no transfers between levels.

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 97.97%		
Consumer Discretionary - 11.87%		
Auto Components - 1.13%		
Lear Corp.	304,700	\$ 53,828,302
Automobiles - 1.99%		
Ford Motor Co.	3,640,040	45,464,100
General Motors Co.	1,204,980	49,392,130
		94,856,230
Diversified Consumer Services - 0.19%		
H&R Block, Inc.	342,800	8,988,216
Hotels, Restaurants & Leisure - 1.14%		
Carnival Corp.	503,000	33,384,110
Royal Caribbean Cruises Ltd.	174,800	20,850,144
		54,234,254
Household Durables - 0.61%		
PulteGroup, Inc.	879,000	29,226,750
Media - 1.99%		
Comcast Corp., Class A	824,000	33,001,200
Twenty-First Century Fox, Inc., Class A	1,793,200	61,919,196
		94,920,396
Multiline Retail - 2.80%		
Kohl's Corp.	902,600	48,947,998
Macy's, Inc.	1,400,400	35,276,076
Target Corp.	757,600	49,433,400
		133,657,474
Specialty Retail - 2.02%		
Best Buy Co., Inc.	1,036,600	70,976,002
Burlington Stores, Inc. ^A	207,700	25,553,331
		96,529,333
Total Consumer Discretionary		566,240,955
Consumer Staples - 8.39%		
Beverages - 2.20%		
Coca-Cola Co.	1,053,700	48,343,756
PepsiCo, Inc.	474,500	56,902,040
		105,245,796
Food & Staples Retailing - 2.40%		
CVS Health Corp.	375,200	27,202,000
Wal-Mart Stores, Inc.	885,000	87,393,750
		114,595,750
Food Products - 2.44%		
General Mills, Inc.	581,300	34,465,277
Ingredion, Inc.	276,800	38,696,640
Kellogg Co.	634,600	43,140,108
		116,302,025
Household Products - 1.35%		
Procter & Gamble Co.	698,900	64,214,932
Total Consumer Staples		400,358,503

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 97.97% (continued)		
Energy - 6.28%		
Oil, Gas & Consumable Fuels - 6.28%		
HollyFrontier Corp.	1,007,800	\$ 51,619,516
Marathon Petroleum Corp.	923,900	60,958,922
Occidental Petroleum Corp.	869,100	64,017,906
Phillips 66	356,800	36,090,320
Valero Energy Corp.	944,500	86,808,995
		299,495,659
Total Energy		299,495,659
Financials - 26.76%		
Banks - 6.99%		
Bank of America Corp.	2,889,100	85,286,232
CIT Group, Inc.	908,500	44,725,455
Citigroup, Inc.	1,041,500	77,498,015
Fifth Third Bancorp	1,686,200	51,159,308
Regions Financial Corp.	3,100,900	53,583,552
US Bancorp	398,200	21,335,556
		333,588,118
Capital Markets - 3.15%		
Ameriprise Financial, Inc.	355,500	60,246,585
Morgan Stanley	1,083,500	56,851,245
State Street Corp.	338,100	33,001,941
		150,099,771
Consumer Finance - 5.16%		
Ally Financial, Inc.	1,540,600	44,923,896
American Express Co.	480,100	47,678,731
Capital One Financial Corp.	618,600	61,600,188
Discover Financial Services	615,836	47,370,105
Synchrony Financial	1,156,800	44,664,048
		246,236,968
Diversified Financial Services - 1.10%		
Voya Financial, Inc.	1,061,600	52,517,352
		52,517,352
Insurance - 10.36%		
Aflac, Inc.	430,600	37,798,068
Allstate Corp.	476,800	49,925,728
American Financial Group, Inc.	167,800	18,213,012
American International Group, Inc.	787,200	46,901,376
Chubb Ltd.	221,000	32,294,730
Everest Re Group Ltd.	171,500	37,946,090
Hartford Financial Services Group, Inc.	512,700	28,854,756
Lincoln National Corp.	711,000	54,654,570
Loews Corp.	706,200	35,331,186
Prudential Financial, Inc.	476,900	54,833,962
Reinsurance Group of America, Inc.	155,200	24,200,336
Travelers Companies, Inc.	301,800	40,936,152
XL Group Ltd.	927,200	32,600,352
		494,490,318
Total Financials		1,276,932,527
Health Care - 11.17%		
Biotechnology - 2.15%		
Amgen, Inc.	119,600	20,798,440

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 97.97% (continued)		
Health Care - 11.17% (continued)		
Biotechnology - 2.15% (continued)		
Gilead Sciences, Inc.	631,600	\$ 45,247,824
United Therapeutics Corp. ^A	247,200	36,573,240
		102,619,504
Health Care Equipment & Supplies - 1.15%		
Dentsply Sirona, Inc.	833,000	54,836,390
Health Care Providers & Services - 5.11%		
Aetna, Inc.	62,100	11,202,219
Anthem, Inc.	232,400	52,292,324
Centene Corp. ^A	240,000	24,211,200
Express Scripts Holding Co. ^A	725,300	54,136,392
HCA Healthcare, Inc. ^A	616,500	54,153,360
McKesson Corp.	308,400	48,094,980
		244,090,475
Life Sciences Tools & Services - 0.88%		
IQVIA Holdings, Inc. ^A	427,400	41,842,460
Pharmaceuticals - 1.88%		
Allergan PLC	266,800	43,643,144
Pfizer, Inc.	1,273,700	46,133,414
		89,776,558
		533,165,387
Industrials - 12.80%		
Aerospace & Defense - 4.04%		
Arconic, Inc.	1,215,300	33,116,925
Raytheon Co.	249,900	46,943,715
Spirit AeroSystems Holdings, Inc., Class A	739,000	64,477,750
United Technologies Corp.	377,600	48,170,432
		192,708,822
Airlines - 3.55%		
American Airlines Group, Inc.	811,852	42,240,659
Delta Air Lines, Inc.	674,700	37,783,200
JetBlue Airways Corp. ^A	1,829,800	40,877,732
United Continental Holdings, Inc. ^A	717,800	48,379,720
		169,281,311
Building Products - 1.26%		
Lennox International, Inc.	131,000	27,282,060
Owens Corning	354,900	32,629,506
		59,911,566
Commercial Services & Supplies - 1.14%		
Republic Services, Inc.	806,600	54,534,226
Electrical Equipment - 0.47%		
Eaton Corp. PLC	285,000	22,517,850
Industrial Conglomerates - 0.77%		
General Electric Co.	2,118,600	36,969,570
Machinery - 0.52%		
Deere & Co.	158,800	24,853,788

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 97.97% (continued)		
Industrials - 12.80% (continued)		
Road & Rail - 1.05%		
Norfolk Southern Corp.	344,700	\$ 49,947,030
Total Industrials		610,724,163
Information Technology - 10.24%		
Electronic Equipment, Instruments & Components - 1.45%		
Corning, Inc.	2,160,200	69,104,798
IT Services - 0.58%		
Amdocs Ltd.	425,200	27,842,096
Semiconductors & Semiconductor Equipment - 6.50%		
Intel Corp.	1,516,200	69,987,792
Lam Research Corp.	328,800	60,522,216
Micron Technology, Inc. ^A	2,185,400	89,863,648
ON Semiconductor Corp. ^A	1,699,800	35,593,812
QUALCOMM, Inc.	675,000	43,213,500
Teradyne, Inc.	257,900	10,798,273
		309,979,241
Technology Hardware, Storage & Peripherals - 1.71%		
Western Digital Corp.	495,800	39,430,974
Xerox Corp.	1,454,675	42,403,776
		81,834,750
Total Information Technology		488,760,885
Materials - 4.07%		
Chemicals - 3.57%		
DowDuPont, Inc.	673,500	47,966,670
Eastman Chemical Co.	502,700	46,570,128
LyondellBasell Industries N.V., Class A	689,300	76,043,576
		170,580,374
Containers & Packaging - 0.50%		
Avery Dennison Corp.	207,200	23,798,992
Total Materials		194,379,366
Real Estate - 0.63%		
Equity Real Estate Investment Trusts (REITs) - 0.63%		
Gaming and Leisure Properties, Inc.	813,006	30,081,222
Telecommunication Services - 0.93%		
Diversified Telecommunication Services - 0.93%		
CenturyLink, Inc.	2,674,500	44,610,660
Utilities - 4.83%		
Electric Utilities - 1.88%		
NextEra Energy, Inc.	304,100	47,497,379
PG&E Corp.	158,600	7,110,038
PPL Corp.	1,140,200	35,289,190
		89,896,607
Multi-Utilities - 2.95%		
Ameren Corp.	737,100	43,481,529
DTE Energy Co.	415,600	45,491,576

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Schedule of Investments

December 31, 2017

	Shares	Fair Value
COMMON STOCKS - 97.97% (continued)		
Utilities - 4.83% (continued)		
Multi-Utilities - 2.95% (continued)		
Sempra Energy	484,600	\$ 51,813,432
		<u>140,786,537</u>
Total Utilities		230,683,144
Total Common Stocks (Cost \$3,906,923,100)		4,675,432,471
SHORT-TERM INVESTMENTS - 2.18% (Cost \$104,213,767)		
Investment Companies - 2.18%		
American Beacon U.S. Government Money Market Select Fund, Select Class, 1.13% ^{B C}	104,213,767	104,213,767
TOTAL INVESTMENTS - 100.15% (Cost \$4,011,136,867)		4,779,646,238
LIABILITIES, NET OF OTHER ASSETS - (0.15%)		(7,168,827)
TOTAL NET ASSETS - 100.00%		\$ 4,772,477,411

Percentages are stated as a percent of net assets.

^A Non-income producing security.

^B The Fund is affiliated by having the same investment advisor.

^C 7-day yield.

PLC - Public Limited Company.

Futures Contracts Open on December 31, 2017:

Long Futures

Equity Futures Contracts

Description	Number of Contracts	Expiration Date	Notional Amount	Contract Value	Unrealized Appreciation (Depreciation)
S&P 500 E-Mini Index Futures	611	March 2018	\$ 81,886,059	\$ 81,751,800	\$ (134,259)
			<u>\$ 81,886,059</u>	<u>\$ 81,751,800</u>	<u>\$ (134,259)</u>

Index Abbreviations:

S&P 500 Standard & Poor's U.S. Equity Large-Cap Index

The Fund's investments are summarized by level based on the inputs used to determine their values. As of December 31, 2017, the investments were classified as described below:

Bridgeway Large Cap Value Fund	Level 1	Level 2	Level 3	Total
Assets				
Common Stocks	\$ 4,675,432,471	\$ -	\$ -	\$ 4,675,432,471
Short-Term Investments	104,213,767	-	-	104,213,767
Total Investments in Securities - Assets	<u>\$ 4,779,646,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,779,646,238</u>
Financial Derivative Instruments - Liabilities				
Futures Contracts	\$ (134,259)	\$ -	\$ -	\$ (134,259)
Total Financial Derivative Instruments - Liabilities	<u>\$ (134,259)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (134,259)</u>

U.S. GAAP requires all transfers between any levels to be disclosed. The end of period timing recognition has been adopted for the transfers between levels of the Fund's assets and liabilities. During the period ended December 31, 2017, there were no transfers between levels.

See accompanying notes

American Beacon FundsSM

Statements of Assets and Liabilities

December 31, 2017

	Bridgeway Large Cap Growth Fund	Bridgeway Large Cap Value Fund
Assets:		
Investments in unaffiliated securities, at fair value [†]	\$ 255,183,901	\$ 4,675,432,471
Investments in affiliated securities, at fair value [‡]	1,441,964	104,213,767
Cash	-	42,987
Deposit with brokers for futures contracts	45,000	2,749,500
Dividends and interest receivable	119,016	7,660,035
Receivable for investments sold	-	15,289,339
Receivable for fund shares sold	215,495	9,162,113
Receivable for expense reimbursement (Note 2)	183,224	1,792
Receivable for variation margin on open futures contracts (Note 5)	14,316	118,143
Prepaid expenses	97,847	118,544
Total assets	257,300,763	4,814,788,691
Liabilities:		
Payable for investments purchased	-	31,504,537
Payable for fund shares redeemed	178,706	6,883,680
Cash due to custodian	34,815	-
Management and sub-advisory fees payable (Note 2)	175,196	2,797,124
Service fees payable (Note 2)	13,109	528,248
Transfer agent fees payable (Note 2)	20,648	200,172
Custody and fund accounting fees payable	24,265	218,227
Professional fees payable	74,888	44,044
Trustee fees payable (Note 2)	11	193
Payable for prospectus and shareholder reports	4,708	106,935
Other liabilities	26,806	28,120
Total liabilities	553,152	42,311,280
Net assets	\$ 256,747,611	\$ 4,772,477,411
Analysis of net assets:		
Paid-in-capital	\$ 219,554,420	\$ 3,923,463,749
Undistributed net investment income	-	(1)
Accumulated net realized gain (loss)	(1,767,351)	80,638,551
Unrealized appreciation of investments in unaffiliated securities ^A	38,965,964	768,509,371
Unrealized (depreciation) of futures contracts	(5,422)	(134,259)
Net assets	\$ 256,747,611	\$ 4,772,477,411

See accompanying notes

American Beacon FundsSM

Statements of Assets and Liabilities

December 31, 2017

	Bridgeway Large Cap Growth Fund	Bridgeway Large Cap Value Fund
Shares outstanding at no par value (unlimited shares authorized):		
Institutional Class	5,960,139	54,180,991
Y Class	67,607	54,311,809
Investor Class	2,403,599	48,834,761
A Class	155,767	3,398,135
C Class	26,267	3,712,170
R6 Class ^B	-	3,205,784
Net assets:		
Institutional Class	\$ 178,062,388	\$ 1,547,760,278
Y Class	\$ 2,016,161	\$ 1,547,228,114
Investor Class	\$ 71,273,896	\$ 1,387,184,369
A Class	\$ 4,625,607	\$ 96,229,248
C Class	\$ 769,559	\$ 102,553,616
R6 Class ^B	\$ -	\$ 91,521,786
Net asset value, offering and redemption price per share:		
Institutional Class	\$ 29.88	\$ 28.57
Y Class	\$ 29.82	\$ 28.49
Investor Class	\$ 29.65	\$ 28.41
A Class	\$ 29.70	\$ 28.32
A Class (offering price)	\$ 31.56	\$ 30.05
C Class	\$ 29.30	\$ 27.63
R6 Class ^B	\$ -	\$ 28.55
† Cost of investments in unaffiliated securities	\$ 216,217,937	\$ 3,906,923,100
‡ Cost of investments in affiliated securities	\$ 1,441,964	\$ 104,213,767

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

^B Class commenced operations April 28, 2017 (Note 1).

See accompanying notes

American Beacon FundsSM

Statements of Operations

For the year ended December 31, 2017

	Bridgeway Large Cap Growth Fund	Bridgeway Large Cap Value Fund
Investment income:		
Dividend income from unaffiliated securities	\$ 1,773,461	\$ 90,646,382
Dividend income from affiliated securities	47,510	555,870
Interest income	-	3,345
Income derived from securities lending (Note 9)	16,017	87,525
Total investment income	1,836,988	91,293,122
Expenses:		
Management and sub-advisory fees (Note 2)	1,151,311	28,317,045
Transfer agent fees:		
Institutional Class (Note 2)	102,007	362,887
Y Class (Note 2)	1,082	965,432
Investor Class	860	56,641
A Class	143	18,726
C Class	148	8,612
R6 Class ^A	-	2,080
Custody and fund accounting fees	20,806	325,714
Professional fees	88,241	168,009
Registration fees and expenses	68,089	242,196
Service fees (Note 2):		
Y Class	169	239,065
Investor Class	9,646	5,247,639
A Class	1,774	165,481
C Class	439	127,314
Distribution fees (Note 2):		
A Class	3,032	343,980
C Class	3,272	1,008,430
Prospectus and shareholder report expenses	40,882	363,797
Trustee fees (Note 2)	9,784	268,226
Reorganization costs	132,450	-
Other expenses	9,548	222,377
Total expenses	1,643,683	38,453,651
Net fees waived and expenses (reimbursed) (Note 2)	(375,714)	(1,792)
Net expenses	1,267,969	38,451,859
Net investment income	569,019	52,841,263
Realized and unrealized gain (loss) from investments:		
Net realized gain from:		
Investments in unaffiliated securities ^B	15,320,055	226,111,409
Futures contracts	581,173	11,339,713
Change in net unrealized appreciation (depreciation) of:		
Investments in unaffiliated securities ^{C D}	19,951,560	348,877,611
Futures contracts	(4,140)	93,423
Net gain from investments	35,848,648	586,422,156
Net increase in net assets resulting from operations	\$ 36,417,667	\$ 639,263,419

^A Class commenced operations April 28, 2017 (Note 1).

^B The Fund did not recognize net realized gains (losses) from the sale of investments in affiliated securities.

^C The Fund's investments in affiliated securities did not have a change in unrealized appreciation (depreciation) at year end.

^D Change in net unrealized appreciation of investments in unaffiliated securities does not include net unrealized appreciation of investments of \$6,433,434 of the Target Fund in connection with the Reorganization (Note 1).

See accompanying notes

American Beacon FundsSM

Statements of Changes in Net Assets

	Bridgeway Large Cap Growth Fund		
	Year Ended December 31, 2017	Six Months Ended December 31, 2016	Year Ended June 30, 2016
Increase (decrease) in net assets:			
Operations:			
Net investment income	\$ 569,019	\$ 227,279	\$ 542,052
Net realized gain from investments in unaffiliated securities and futures contracts	15,901,228	4,333,737	500,781
Change in net unrealized appreciation (depreciation) of investments in unaffiliated securities and futures contracts	19,947,420	6,144,056	(8,621,100)
Net increase (decrease) in net assets resulting from operations	36,417,667	10,705,072	(7,578,267)
Distributions to shareholders:			
Net investment income:			
Institutional Class	(484,349)	(860,039)	(775,100)
Y Class	(5,409)	(4,225)	-
Investor Class	(191,071)	(2,556)	-
A Class	(9,014)	(872)	-
C Class	-	(1,137)	-
Net realized gain from investments:			
Institutional Class	(6,720,047)	-	-
Y Class	(75,954)	-	-
Investor Class	(2,741,957)	-	-
A Class	(173,903)	-	-
C Class	(29,746)	-	-
Net distributions to shareholders	(10,431,450)	(868,829)	(775,100)
Capital share transactions (Note 11):			
Proceeds from sales of shares	21,584,214	9,041,296	39,701,829
Reinvestment of dividends and distributions	10,260,437	841,538	753,120
Issued in reorganization	89,545,160	-	-
Cost of shares redeemed	(25,647,762)	(22,099,149)	(51,195,470)
Net increase (decrease) in net assets from capital share transactions	95,742,049	(12,216,315)	(10,740,521)
Net increase (decrease) in net assets	121,728,266	(2,380,072)	(19,093,888)
Net assets:			
Beginning of period	135,019,345	137,399,417	156,493,305
End of period *	\$ 256,747,611	\$ 135,019,345	\$ 137,400,411
*Includes undistributed (overdistribution of) net investment income	\$ -	\$ 4,804	\$ 305,886

See accompanying notes

American Beacon FundsSM

Statements of Changes in Net Assets

	Bridgeway Large Cap Value Fund	
	Year Ended December 31, 2017	Year Ended December 31, 2016
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 52,841,263	\$ 45,078,090
Net realized gain from investments in unaffiliated securities and futures contracts	237,451,122	70,985,632
Change in net unrealized appreciation of investments in unaffiliated securities and futures contracts	348,971,034	383,878,468
Net increase in net assets resulting from operations	639,263,419	499,942,190
Distributions to shareholders:		
Net investment income:		
Institutional Class	(20,161,179)	(15,314,069)
Y Class	(19,084,760)	(10,949,276)
Investor Class	(13,087,732)	(16,243,795)
A Class	(742,378)	(1,480,352)
C Class	(248,713)	(320,550)
R6 Class ^A	(992,942)	-
Net realized gain from investments:		
Institutional Class	(66,124,077)	(1,014,762)
Y Class	(65,433,464)	(761,516)
Investor Class	(59,258,862)	(1,387,328)
A Class	(4,128,443)	(137,125)
C Class	(4,510,939)	(91,127)
R6 Class ^A	(3,198,781)	-
Net distributions to shareholders	(256,972,270)	(47,699,900)
Capital share transactions (Note 11):		
Proceeds from sales of shares	1,914,217,676	2,035,885,045
Reinvestment of dividends and distributions	246,592,299	45,900,960
Cost of shares redeemed	(1,672,312,273)	(939,299,165)
Net increase in net assets from capital share transactions	488,497,702	1,142,486,840
Net increase in net assets	870,788,851	1,594,729,130
Net assets:		
Beginning of period	3,901,688,560	2,306,959,430
End of period *	\$ 4,772,477,411	\$ 3,901,688,560
*Includes undistributed net investment income	\$ (1)	\$ 257,260

^A Class commenced operations April 28, 2017 (Note 1).

See accompanying notes

American Beacon FundsSM

Notes to Financial Statements

December 31, 2017

1. Organization and Significant Accounting Policies

American Beacon Funds (the “Trust”), is organized as a Massachusetts business trust. The Funds, each a series within the Trust, are registered under the Investment Company Act of 1940 (the “Act”), as amended, as diversified, open-end management investment companies. As of December 31, 2017, the Trust consists of thirty-three active series, two of which are presented in this filing: American Beacon Bridgeway Large Cap Growth Fund and American Beacon Bridgeway Large Cap Value Fund (collectively, the “Funds” and each individually a “Fund”). The remaining thirty-one active series are reported in separate filings.

American Beacon Advisors, Inc. (the “Manager”) is a wholly-owned subsidiary of Resolute Investment Managers, Inc., which is indirectly owned by investment funds affiliated with Kelso & Company, L.P. and Estancia Capital Management, LLC, and was organized in 1986 to provide business management, advisory, administrative, and asset management consulting services to the Trust and other investors.

Fund Reorganization

On September 20, 2017, the Trust’s Board of Trustees (the “Board”) approved an interim investment advisory agreement among the Manager, Bridgeway Capital Management, Inc. (“Bridgeway”) and the Trust, on behalf of the American Beacon Holland Large Cap Growth Fund (the “Holland Fund”), pursuant to which Bridgeway was appointed as the Fund’s interim sub-advisor. The Board also approved the Holland Fund’s name change to the American Beacon Bridgeway Large Cap Growth II Fund (the “Target Fund”) with an effective date of September 27, 2017.

At a special meeting held on September 29, 2017, the Board approved a Plan of Reorganization and Termination (the “Plan”) to reorganize the Target Fund into the American Beacon Bridgeway Large Cap Growth Fund (the “Acquiring Fund”), another series of the Trust (the “Reorganization”). Shareholders for the Target Fund approved the Plan at a special meeting on December 14, 2017. On December 15, 2017, pursuant to the Plan, the Target Fund transferred all of its property and assets to the Acquiring Fund in exchange solely for voting shares of the Acquiring Fund and the assumption all of the Target Fund’s liabilities. The Target Fund’s shareholders received a pro rata portion of the Acquiring Fund’s shares in exchange for their shares therein and in liquidation and termination of the Target Fund. Class shares outstanding, net assets applicable to each class and NAV per share outstanding immediately before the Reorganization were as follows:

Target Fund Class Prior to Reorganization	Target Fund Shares Outstanding Prior to Reorganization	Target Fund Net Assets Prior to Reorganization	Target Fund NAV Per Share Prior to Reorganization	Acquiring Fund Class Prior to Reorganization	Acquiring Fund Shares Outstanding Prior to Reorganization	Acquiring Fund Net Assets Prior to Reorganization	Acquiring Fund NAV Per Share Prior to Reorganization	Exchange Ratio ¹
Institutional	935,977	\$17,375,798	\$ 18.56	Institutional	5,175,336	\$ 160,531,441	\$ 31.02	0.598
Y	8,504	156,423	18.39	Y	57,691	1,786,421	30.97	0.594
Investor	3,932,636	70,337,259	17.88	Investor	58,545	1,802,844	30.79	0.581
A	76,305	1,344,061	17.61	A	105,063	3,237,862	30.82	0.572
C	20,630	331,620	16.07	C	14,486	439,929	30.37	0.529

¹ Calculated by dividing the NAV of the Target Fund by the NAV of the Acquiring Fund on Reorganization date.

Class shares outstanding, net assets applicable to each class and NAV per share outstanding immediately after the Reorganization were as follows:

Acquiring Fund Class - After Reorganization	Shares Outstanding	Net Assets	NAV Per Share
Institutional	5,735,484	\$ 177,907,239	\$ 31.02
Y	62,742	1,942,844	30.97
Investor	2,342,964	72,140,103	30.79
A	148,673	4,581,922	30.82
C	25,406	771,549	30.37

American Beacon FundsSM

Notes to Financial Statements

December 31, 2017

The Reorganization was structured to qualify as a tax-free reorganization under the Internal Revenue Code for federal income tax purposes. As such, the Target Fund's shareholders recognized no gain or loss for federal income tax purposes. Prior to the closing of the Reorganization, the Target Fund distributed all of its net investment income and capital gains to shareholders of record on December 12, 2017. Such a distribution may be taxable to the Target Fund's shareholders for federal income tax purposes.

The cost, fair value and net unrealized appreciation (depreciation) of the investments of the Target Fund as of the date of Reorganization, were as follows:

<u>Target Fund - Prior to Reorganization</u>	
Cost of investments	\$ 90,026,157
Fair value of investments	96,459,591
Net unrealized appreciation of investments	6,433,434

For financial reporting purposes, assets received and shares issued by the Acquiring Fund were recorded at fair value; however, the cost basis of the investments received from the Target Fund was carried forward to align ongoing reporting of the Acquiring Fund's realized and unrealized gains and losses with the amount distributable to shareholders for tax purposes.

Assuming the Reorganization had been completed on January 1, 2017, the beginning of the Acquiring Fund's current fiscal period, the pro forma results of operations for the current fiscal period would have been as follows:

<u>Acquiring Fund - Pro Forma Results from Operations</u>	
Net investment income	\$ 642,575
Net realized and unrealized gains	83,122,703
Change in net assets resulting in operations	83,765,279

Because the combined investment portfolios for the Reorganization have been managed as a single integrated portfolio since the Reorganization was completed, it is not practicable to separate the amounts of revenue and earnings of the Target Fund that have been included in the Statements of Operations for the Acquiring Fund since the Reorganization was consummated.

In connection with the Reorganization, the Acquiring Fund incurred certain associated expenses. Such amounts were included as components of "Other liabilities" on the Statements of Assets and Liabilities and "Reorganization costs" on the Statements of Operations.

Class Disclosure

On April, 28, 2017, the Bridgeway Large Cap Value Fund created the R6 Class, a new class made available for sale to retirement plans pursuant to an amendment to the Fund's registrations statement filed with the U.S. Securities and Exchange Commission. Refer to the Fund's prospectus for more details.

American Beacon FundsSM

Notes to Financial Statements

December 31, 2017

Each Fund has multiple classes of shares designed to meet the needs of different groups of investors; however, not all of the Funds offer all classes. The following table sets forth the differences amongst the classes:

Class	Eligible Investors	Minimum Initial Investments
Institutional	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	All investors using intermediary organizations, such as broker-dealers or retirement plan sponsors.	\$ 2,500
A Class	All investors who invest through intermediary organizations, such as broker-dealers or third party administrator. Retail investors who invest directly through a financial intermediary such as a broker, bank, or registered investment advisor which may include a front-end sales charge and a contingent deferred sales charge ("CDSC").	\$ 2,500
C Class	Retail investors who invest directly through a financial intermediary, such as a broker or through employee directed benefit plans with applicable sales charges which may include CDSC.	\$ 1,000
R6	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 on the basis of 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, and sub-transfer agent fees that vary amongst the classes as described more fully in Note 2.

Recently Adopted Accounting Pronouncements

In October 2016, the SEC adopted amendments to rules under the Investment Company Act of 1940 ("final rules") intended to modernize the reporting and disclosure of information by registered investment companies. The final rules amend Regulation S-X and require funds to provide standardized, enhanced derivative disclosure in fund financial statements in a format designed for individual investors. The amendments to Regulation S-X also update the disclosures for other investments and investments in and advances to affiliates and amend the rules regarding the general form and content of fund financial statements. The compliance date for the amendments to Regulation S-X is August 1, 2017, and has been adopted accordingly.

Significant Accounting Policies

The following is a summary of significant accounting policies, consistently followed by the Funds in preparation of the financial statements. The Funds are considered investment companies and accordingly, follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standard 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 on the trade date of the security purchase or sale. The Funds may purchase securities with delivery or payment to occur at a later date. At the time the Funds enter into a commitment to purchase a security, the transaction is recorded, and the value of the security is reflected in the Net Asset Value ("NAV"). The value of the security may vary with market fluctuations.

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 Funds. Interest income is

American Beacon FundsSM

Notes to Financial Statements

December 31, 2017

earned from settlement date, recorded on the accrual basis, and adjusted, if necessary, for accretion of discounts and amortization of premiums. For financial and tax reporting purposes, realized gains and losses are determined on the basis of specific lot identification.

Distributions to Shareholders

Distributions, if any, of net investment income are generally paid at least annually and recorded on the ex-dividend date. Distributions, if any, of net realized capital gains are generally paid at least annually and recorded on the ex-dividend date. Dividends to shareholders are determined in accordance with federal income tax regulations, which may differ in amount and character from net investment income and realized gains recognized for purposes of U.S. GAAP. To the extent necessary to fully distribute capital gains, the Fund may designate earnings and profits distributed to shareholders on the redemption of shares.

Commission Recapture

The Funds have established brokerage commission recapture arrangements with certain brokers or dealers. If a Funds' investment advisor chooses to execute a transaction through a participating broker, the broker rebates a portion of the commission back to the Funds. Any collateral benefit received through participation in the commission recapture program is directed exclusively to the Funds. This amount is reported with the net realized gain in the Funds' Statements of Operations, if applicable.

Allocation of Income, Trust Expenses, Gains, and Losses

Investment income, realized and unrealized gains and losses from investments of the Funds 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 Funds. Expenses directly charged or attributable to any 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 Funds 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 Funds or nature of the services performed and relative applicability to the Funds.

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.

American Beacon FundsSM

Notes to Financial Statements

December 31, 2017

2. Transactions with Affiliates

Management and Investment Sub-Advisory Agreements

The Funds and the Manager are parties to a Management Agreement that obligates the Manager to provide the Funds 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 Funds' 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 Funds, and the Manager have entered into an Investment Advisory Agreements with Bridgeway Capital Management, Inc. (the "Sub-Advisor") pursuant to which each 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 \$250 million	0.40%
Next \$250 million	0.35%
Over \$500 million	0.30%

The Management and Sub-Advisory Fees paid by the Fund for the year ended December 31, 2017 were as follows:

Bridgeway Large Cap Growth Fund

	<u>Effective Fee Rate</u>	<u>Amount of Fees Paid</u>
Management Fees	0.35%	\$ 537,497
Sub-Advisor Fees	0.40%	613,814
Total	<u>0.75%</u>	<u>\$ 1,151,311</u>

Bridgeway Large Cap Value Fund

	<u>Effective Fee Rate</u>	<u>Amount of Fees Paid</u>
Management Fees	0.35%	\$ 15,050,205
Sub-Advisor Fees	0.32%	13,266,840
Total	<u>0.67%</u>	<u>\$ 28,317,045</u>

As compensation for services provided by the Manager in connection with securities lending activities conducted by the Funds, the lending Fund pays to the Manager, with respect to cash collateral posted by borrowers, a fee up to 10% of the net monthly interest income (the gross interest income earned by the investment of cash collateral, less the amount paid to borrowers and related expenses) from such activities and, with respect to loan fees paid by borrowers, a fee up to 10% of such loan fees. These fees are included in "Income derived from securities lending" and "Management and investment advisory fees" on the Statements of Operations. During the year ended December 31, 2017, the Manager received securities lending fees of \$1,983 and \$9,727 for the securities lending activities of the Bridgeway Large Cap Growth Fund and Bridgeway Large Cap Value Fund, respectively.

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Notes to Financial Statements

December 31, 2017

Distribution Plans

The Funds, except for the A and C Classes of the Funds, have adopted a “defensive” Distribution Plan (the “Plan”) in accordance with Rule 12b-1 under the Act, pursuant to which no separate fees may be charged to the Funds for distribution purposes. However, the Plan authorizes the management fee received by the Manager and the investment advisors hired by the Manager to be used for distribution purposes. Under this Plan, the Funds do not intend to compensate the Manager or any other party, either directly or indirectly, for the distribution of Fund shares.

Separate Distribution Plans (the “Distribution Plans”) have been adopted pursuant to Rule 12b-1 under the Act for the A and C Classes of the Funds. Under the Distribution Plans, as compensation for distribution assistance, the Manager receives an annual fee of 0.25% of the average daily net assets of the A Class and 1.00% of the average daily net assets of the C Class. The fee will be payable without regard to whether the amount of the fee is more or less than the actual expenses incurred in a particular month by the Manager for distribution assistance.

Service Plans

The Manager and the Trust entered into Service Plans that obligate the Manager to oversee additional shareholder servicing of the Y, Investor, A, and C Classes of the Funds. As compensation for performing the duties required under the Service Plans, the Manager receives an annualized fee up to 0.10% of the average daily net assets of the Y Class, up to 0.25% of the average daily net assets of the A and C Classes, and up to 0.375% of the average daily net assets of the Investor Class of the Funds. Effective April 1, 2017, the Funds terminated the Service Plan for the Y Class. During the year ended December 31, 2017 the Manager voluntarily reimbursed service fees to the A and C classes of the Bridgeway Large Cap Growth Fund in the amounts of \$1,741 and \$554, respectively. The Manager also voluntarily reimbursed service fees to the A and C classes of the Bridgeway Large Cap Value Fund in the amounts of \$40,907 and \$23,951, respectively.

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 Institutional Class of the Funds and has agreed to compensate the intermediaries for providing these services. Effective April 1, 2017, the Funds agreed to compensate the intermediaries for providing services to the Y Class. Intermediaries transact with the Funds primarily through the use of omnibus accounts on behalf of their customers who hold positions in the Funds. Certain services would have been provided by the Funds’ transfer agent and other service providers if the shareholders’ accounts were maintained directly by the Funds’ transfer agent. Accordingly, the Funds, pursuant to the Board approval, have agreed to reimburse the Manager for certain non-distribution shareholder services provided by financial intermediaries for the Institutional 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 Institutional and Y Classes on an annual basis. During the year ended December 31, 2017, the sub-transfer agent fees, as reflected in “Transfer agent fees” on the Statements of Operations, were as follows:

<u>Fund</u>	<u>Sub-Transfer Agent Fees</u>
Bridgeway Large Cap Growth	\$ 79,782
Bridgeway Large Cap Value	1,202,755

As of December 31, 2017, the Funds owed the Manager the following reimbursement of sub-transfer agent fees, as reflected in “Transfer agent fees payable” on the Statements of Assets and Liabilities:

<u>Fund</u>	<u>Reimbursement Sub-Transfer Agent Fees</u>
Bridgeway Large Cap Growth	\$ 7,813
Bridgeway Large Cap Value	158,429

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Notes to Financial Statements

December 31, 2017

During the year ended December 31, 2017, the Manager voluntarily reimbursed sub-transfer agent fees to the Y Class of the Bridgeway Large Cap Value Fund in the amount of \$21,735.

Investments in Affiliated Funds

The Funds may invest in the American Beacon U.S. Government Money Market Select Fund (the “USG Select Fund”). Cash collateral received by the Funds in connection with securities lending may also be invested in the USG Select Fund. The Funds and the USG Select Fund have the same investment advisor and therefore, are considered to be affiliated. The Manager serves as investment advisor to the USG Select Fund and receives management fees and administrative fees totaling 0.10% of the average daily net assets of the USG Select Fund. During the year ended December 31, 2017, the Manager earned fees on the Funds’ direct investments and securities lending collateral investments in the USG Select Fund as shown below:

Fund	Direct Investments in USG Select Fund	Securities Lending Collateral in USG Select Fund	Total
Bridgeway Large Cap Growth	\$ 3,012	\$ 1,607	\$ 4,619
Bridgeway Large Cap Value	69,897	36,273	106,170

Interfund Credit Facility

Pursuant to an exemptive order issued by the Securities and Exchange Commission (“SEC”), the Funds, along with other registered investment companies having management contracts with the Manager, may participate in a credit facility whereby each Fund, under certain conditions, is permitted to lend money directly to and borrow directly from other participating Funds for temporary purposes. The interfund credit facility is advantageous to the Funds because it provides added liquidity, and eliminates the need to maintain higher cash balances to meet redemptions. This situation could arise when shareholder redemptions exceed anticipated volumes and certain funds have insufficient cash on hand to satisfy such redemptions or when sales of securities do not settle as expected, resulting in a cash shortfall for a fund. When a Fund liquidates portfolio securities to meet redemption requests, they often do not receive payment in settlement for up to three 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 December 31, 2017, the Bridgeway Large Cap Growth Fund borrowed on average \$2,949,958 for 2 days at an average interest rate of 2.00% with interest charges of \$323. This amount is included in “Other expenses” on the Statements of Operations. For the year ended December 31, 2017, the Bridgeway Large Cap Value 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 Funds to the extent that total operating expenses exceed the Funds’ expense cap. During the year ended December 31, 2017, the Manager waived and/or reimbursed expenses as follows:

Fund	Class	Expense Cap			Expiration of Reimbursed Expenses
		1/1/2017 - 12/31/2017	Reimbursed Expenses	(Recouped) Expenses	
Bridgeway Large Cap Growth	Institutional	0.81%	\$ 327,896	\$ -	2020
Bridgeway Large Cap Growth	Y	0.91%	2,236	-	2020
Bridgeway Large Cap Growth	Investor	1.19%	40,918	-	2020
Bridgeway Large Cap Growth	A	1.21%	3,844	-	2020
Bridgeway Large Cap Growth	C	1.96%	820	-	2020
Bridgeway Large Cap Value	R6	0.71% ⁽¹⁾	1,792	-	2020

⁽¹⁾ Voluntary expense cap.

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Of these amounts, \$183,224 and \$1,792 were disclosed as a receivable from the Manager on the Statements of Assets and Liabilities at December 31, 2017 for the Bridgeway Large Cap Growth Fund and Bridgeway Large Cap Value Fund, respectively.

The Funds have adopted an Expense Reimbursement Plan whereby the Manager may seek repayment of such fee reductions and expense reimbursements. Under the policy, the Manager can be reimbursed by the Funds for any contractual or voluntary fee reductions or expense reimbursements if reimbursement to the Manager (a) occurs within three years after the Manager's own waiver or reimbursement and (b) does not cause the Funds' 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 2020. The Funds did not record a liability for potential reimbursements due to the current assessment that reimbursements are unlikely. The carryover of excess expenses potentially reimbursable to the Manager are as follows:

Fund	Recovered Expenses	Excess Expense Carryover	Expired Expense Carryover	Expiration of Reimbursed Expenses
Bridgeway Large Cap Growth	\$ -	\$ 238,079	\$ -	2019

Sales Commissions

The Funds' distributor, Foreside Fund Services, LLC ("Foreside"), may receive a portion of A Class sales charges from broker dealers and it may be used to offset distribution related expenses. During the year ended December 31, 2017, Foreside collected \$1,871 and \$38,306 in sales commissions for Bridgeway Large Cap Growth Fund and Bridgeway Large Cap Value Fund, respectively, from the sale of Class A Shares.

A CDSC of 0.50% will be deducted with respect to Class A Shares on certain purchases of \$1,000,000 or more that are redeemed in whole or part within 18 months of purchase, unless waived as discussed in the Funds' Prospectus. Any applicable CDSC will be 0.50% of the lesser of the original purchase price or the value of the redemption of the Class A Shares redeemed. During the year ended December 31, 2017, CDSC fees of \$193 were collected for Class A Shares of the Bridgeway Large Cap Value Fund. There were no CDSC fees collected for Class A Shares of the Bridgeway Large Cap Growth Fund.

A CDSC of 1.00% will be deducted with respect to Class C Shares redeemed within 12 months of purchase, unless waived as discussed in the Funds' Prospectus. Any applicable CDSC will be 1.00% of the lesser of the original purchase price or the value of the redemption of the Class C Shares redeemed. During the year ended December 31, 2017, CDSC fees of \$20 and \$14,217 were collected for Class C Shares of the Bridgeway Large Cap Growth Fund and Bridgeway Large Cap Value Fund, respectively.

Trustee Fees and Expenses

As compensation for their service to the Trust, the American Beacon Select Funds and the American Beacon Institutional Funds Trust, each Trustee receives an annual retainer of \$120,000, plus \$10,000 for each Board meeting attended in person or via teleconference, \$2,500 for attendance by Committee members at meetings of the Audit Committee and the Investment Committee, and \$1,500 for attendance by Committee members at meetings of the Nominating and Governance Committee, plus reimbursement of reasonable expenses incurred in attending Board meetings, Committee meetings, and relevant educational seminars. The Trustees also may be compensated for attendance at special Board and/or Committee meetings from time to time. The Board Chairman receives an additional annual retainer of \$50,000 as well as a single \$10,000 fee each quarter for his attendance at the committee meetings. The Chairpersons of the Audit Committee and the Investment Committee each receive an additional annual retainer of \$25,000 and the Chairman of the Nominating and Governance Committee receives an additional annual retainer of \$10,000. These expenses are allocated on a prorated basis to each Fund of the Trusts according to its respective net assets.

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3. Security Valuation and Fair Value Measurements

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. Equity securities, including exchange-traded funds (“ETFs”) for which market quotations are available are valued at the last sale price or official closing price (closing bid price or last evaluated quote if no sale has occurred) on the primary market or exchange on which they trade.

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

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

Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, the Funds are required to deposit with their futures broker, an amount of cash or U.S. Government and Agency Obligations in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked-to-market daily and an appropriate payable or receivable for the change in value (“variation margin”) is recorded by the Funds. Gains or losses are recognized, but not considered realized until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed on the Statements of Assets and Liabilities.

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

Valuation Inputs

Various inputs may be used to determine the fair value of the Funds’ 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

Common stocks, preferred securities, ETFs, and financial derivative instruments, such as futures contracts that are traded on a national securities exchange, are stated at the last reported sale or settlement price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are generally categorized as Level 2 of the fair value hierarchy.

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

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4. Securities and Other Investments

Common Stock

Common stock generally takes the form of shares in a corporation which represent an ownership interest. It ranks below preferred stock and debt securities in claims for dividends and for assets of the company in a liquidation or bankruptcy. The value of a company's common stock may fall as a result of factors directly relating to that company, such as decisions made by its management or decreased demand for the company's products or services. A stock's value may also decline because of factors affecting not just the company, but also companies in the same industry or sector. The price of a company's stock may also be affected by changes in financial markets that are relatively unrelated to the company, such as changes in interest rates, currency exchange rates or industry regulation. Companies that elect to pay dividends on their common stock generally only do so after they invest in their own business and make required payments to bondholders and on other debt and preferred stock. Therefore, the value of a company's common stock will usually be more volatile than its bonds, other debt and preferred stock. Common stock may be exchange-traded or over-the-counter ("OTC"). OTC stock may be less liquid than exchange-traded stock.

Other Investment Company Securities and Other Exchange-Traded Products

The Funds may invest in shares of other investment companies, including open-end funds, closed-end funds, business development companies, ETFs, unit investment trusts, and other investment companies of the Trust. The Funds may invest in investment company securities advised by the Manager or a 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 Funds become a shareholder of that investment company. As a result, the Funds' shareholders indirectly will bear the Funds' proportionate share of the fees and expenses paid by shareholders of the other investment company, in addition to the fees and expenses the Funds' shareholders directly bear in connection with the Funds' 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 Funds in their Prospectus, if applicable. Investments in other investment companies may involve the payment of substantial premiums above the value of such issuer's portfolio securities.

Real Estate Investment Trusts

The Funds may own shares of real estate investment trusts ("REITs") which report information on the source of their distributions annually. The Funds re-characterize distributions received from REIT investments based on information provided by the REITs into the following categories: ordinary income, long-term capital gains, and return of capital. If information is not available on a timely basis from the REITs, the re-characterization will be estimated based on available information, which may include the previous year allocation. If new or additional information becomes available from the REITs at a later date, a re-characterization will be made the following year.

5. Financial Derivative Instruments

The Funds may utilize derivative instruments to market exposure on cash balances or reduce market exposure in anticipation of liquidity needs. When considering the Funds' use of derivatives, it is important to note that the Funds do not use derivatives for the purpose of creating financial leverage.

Futures Contracts

Futures contracts are contracts to buy or sell a standard quantity of securities at a specified price on a future date. The Funds may enter into financial futures contracts as a method for keeping assets readily convertible to cash if needed to meet shareholder redemptions or for other needs while maintaining exposure to

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the stock or bond market, as applicable. The primary risks associated with the use of futures contracts are the possibility of illiquid markets or imperfect correlation between the values of the contracts and the underlying securities or that the counterparty will fail to perform its obligations.

Upon entering into a futures contract, the Funds are required to set aside or deposit with a broker an amount, termed the initial margin, which typically represents a portion of the face value of the futures contract. The Funds usually reflects this amount on the Schedules of Investments as a U.S. Treasury Bill held as collateral for futures contracts or as cash deposited with broker on the Statements of Assets and Liabilities. Payments to and from the broker, known as variation margin, are required to be made on a daily basis as the price of the futures contract fluctuates. Changes in initial settlement values are accounted for as unrealized appreciation (depreciation) until the contracts are terminated, at which time realized gains and losses are recognized. Futures contracts are valued at the most recent settlement price established each day by the exchange on which they are traded.

During the year ended December 31, 2017, the Funds entered into future contracts primarily for exposing cash to markets.

The Funds' average futures contracts outstanding fluctuate throughout the operating year as required to meet strategic requirements. The following table illustrates the average quarterly volume of futures contracts. For purpose of this disclosure, volume is measured by contracts outstanding at each quarter end.

<u>Average Futures Contracts Outstanding</u>	
<u>Fund</u>	<u>Year Ended December 31, 2017</u>
Bridgeway Large Cap Growth	20
Bridgeway Large Cap Value	540

The following is a summary of the fair valuations of the Funds' derivative instruments categorized by risk exposure⁽¹⁾:

Bridgeway Large Cap Growth Fund

Fair values of financial instruments on the Statements of Assets and Liabilities as of December 31, 2017:

<u>Derivatives not accounted for as hedging instruments</u>						
<u>Liabilities:</u>	<u>Credit contracts</u>	<u>Foreign exchange contracts</u>	<u>Commodity contracts</u>	<u>Interest rate contracts</u>	<u>Equity contracts</u>	<u>Total</u>
Payable for variation margin from open futures contracts ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ (5,422)	\$ (5,422)

The effect of financial derivative instruments on the Statements of Operations as of December 31, 2017:

<u>Derivatives not accounted for as hedging instruments</u>						
<u>Realized gain (loss) from derivatives recognized as a result of operations:</u>	<u>Credit contracts</u>	<u>Foreign exchange contracts</u>	<u>Commodity contracts</u>	<u>Interest rate contracts</u>	<u>Equity contracts</u>	<u>Total</u>
Futures contracts	\$ -	\$ -	\$ -	\$ -	\$ 581,173	\$ 581,173
<u>Net change in unrealized appreciation (depreciation) of derivatives recognized as a result from operations:</u>	<u>Credit contracts</u>	<u>Foreign exchange contracts</u>	<u>Commodity contracts</u>	<u>Interest rate contracts</u>	<u>Equity contracts</u>	<u>Total</u>
Futures contracts	\$ -	\$ -	\$ -	\$ -	\$ (4,140)	\$ (4,140)

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Bridgeway Large Cap Value Fund

Fair values of financial instruments on the Statements of Assets and Liabilities as of December 31, 2017:

Derivatives not accounted for as hedging instruments						
Liabilities:	Credit contracts	Foreign exchange contracts	Commodity contracts	Interest rate contracts	Equity contracts	Total
Payable for variation margin from open futures contracts ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ (134,259)	\$ (134,259)

The effect of financial derivative instruments on the Statements of Operations as of December 31, 2017:

Derivatives not accounted for as hedging instruments						
Realized gain (loss) from derivatives recognized as a result of operations:	Credit contracts	Foreign exchange contracts	Commodity contracts	Interest rate contracts	Equity contracts	Total
Futures contracts	\$ -	\$ -	\$ -	\$ -	\$ 11,339,713	\$ 11,339,713
Net change in unrealized appreciation (depreciation) of derivatives recognized as a result from operations:	Credit contracts	Foreign exchange contracts	Commodity contracts	Interest rate contracts	Equity contracts	Total
Futures contracts	\$ -	\$ -	\$ -	\$ -	\$ 93,423	\$ 93,423

⁽¹⁾ See Note 3 in the Notes to Financial Statements for additional information.

⁽²⁾ Includes cumulative appreciation (depreciation) of futures contracts as reported in the Funds' Schedule of Investments footnotes. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

6. Principal Risks

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

Equity Investment Risk

Equity securities are subject to market risk. The Funds' investments in equity securities may include common stocks, preferred stocks, securities convertible into or exchangeable for common stocks, REITs, depositary receipts, and U.S. dollar-denominated foreign stocks traded on U.S. exchanges. Such investments may expose the Funds to additional risk. The value of a company's common stock may fall as a result of factors affecting the company, companies in the same industry or sector, or the financial markets overall. Common stock generally is subordinate to preferred stock upon the liquidation or bankruptcy of the issuing company. Preferred stocks and convertible securities are sensitive to movements in interest rates. Preferred stocks may be less liquid than common stocks and, unlike common stocks, participation in the growth of an issuer may be limited. Distributions on preferred stocks generally are payable at the discretion of an issuer and after required payments to bond holders. Convertible securities are subject to the risk that the credit standing of the issuer may have an effect on the convertible securities' investment value. Investments in REITs are subject to the risks associated with investing in the real estate industry such as adverse developments affecting the real estate industry and real property values. Depositary receipts and U.S. dollar-denominated foreign stocks traded on U.S. exchanges are subject to certain of the risks associated with investing directly in foreign securities, including, but not limited to, currency fluctuations and political and financial instability in the home country of a particular depositary receipt or foreign stock.

Foreign Investing Risk

The Funds may invest in securities issued by foreign companies through ADRs and U.S. dollar-denominated foreign stocks traded on U.S. exchanges. The Funds may also invest in local currency investments. ADRs are subject

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to many of the risks inherent in currency fluctuations and political and financial instability in the home country of a particular ADR or foreign stock. Non-U.S. investments carry potential risks not associated with U.S. investments. Such risks include, but are not limited to: (1) currency exchange rate fluctuations, (2) political and financial instability, (3) less liquidity and greater volatility, (4) lack of uniform accounting, auditing and financial reporting standards, (5) increased price volatility, (6) less government regulation and supervision of foreign stock exchanges, brokers and listed companies, and (7) delays in transaction settlement in some foreign markets.

Futures Contracts Risk

Futures contracts are derivative instruments where one party pays a fixed price for an agreed amount of securities or other underlying assets at an agreed date. The use of such derivative instruments may expose the Funds to additional risks that they would not be subject to if they invested directly in the securities underlying those derivatives. Futures contracts may experience potentially dramatic price changes (losses) and imperfect correlation between the price of the contract and the underlying security or index, which will increase the volatility of the Funds and may involve a small investment of cash (the amount of initial and variation margin) relative to the magnitude of the risk assumed (the potential increase or decrease in the price of the futures contract).

Market Risk

Since the financial crisis that started in 2008, the U.S. and many foreign economies continue to experience its after-effects, which have resulted, and may continue to result, in fixed-income instruments experiencing unusual liquidity issues, increased price volatility and, in some cases, credit downgrades and increased likelihood of default. These events have reduced the willingness and ability of some lenders to extend credit, and have made it more difficult for some borrowers to obtain financing on attractive terms, if at all. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations.

In addition, political events within the U.S. and abroad may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. High public debt in the U.S. and other countries creates ongoing systemic and market risks and policymaking uncertainty. Because the impact on the markets has been widespread, it may be difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions. Interest rates have been unusually low in recent years in the U.S. and abroad. Because there is little precedent for this situation, it is difficult to predict the impact on various markets of a significant rate increase, whether brought about by U.S. policy makers or by dislocations in world markets. In addition, there is a risk that the prices of goods and services in the U.S. and many foreign economies may decline over time, known as deflation (the opposite of inflation). Deflation may have an adverse effect on stock prices and creditworthiness and may make defaults on debt more likely.

Other Investment Companies Risk

The Funds may invest in shares of other registered investment companies, including ETFs and money market funds. To the extent that the Funds invest in shares of other registered investment companies, the Funds will indirectly bear the fees and expenses charged by the underlying funds in addition to the Funds' direct fees and expenses and will be subject to the risks associated with investments in those funds.

Securities Lending Risk

To the extent the Funds lends its securities, it may be subject to the following risks; i) borrowers of the Funds' securities typically provide collateral in the form of cash that is reinvested in securities, ii) the securities in

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which the collateral is invested may not perform sufficiently to cover the return collateral payments owed to borrowers, iii) delays may occur in the recovery of securities from borrowers, which could interfere with the Funds' ability to vote proxies or to settle transactions, and iv) there is the risk of possible loss of rights in the collateral should the borrower fail financially.

Offsetting Assets and Liabilities

The Funds are parties to enforceable master netting agreements between brokers and counterparties which provide for the right to offset under certain circumstances. The Funds employ multiple money managers and counterparties and have elected not to offset qualifying financial and derivative instruments on the Statements of Assets and Liabilities, as such all financial and derivative instruments are presented on a gross basis. The impacts of netting arrangements that provide the right to offset are detailed below. The net amount represents the net receivable or payable that would be due from or to the counterparty in the event of default. Exposure from borrowings and other financing agreements such as repurchase agreements can only be netted across transactions governed by the same Master Agreement with the same legal entity. All amounts reported below represent the balance as of the report date, December 31, 2017.

Bridgeway Large Cap Growth Fund

Offsetting of Financial and Derivative Assets as of December 31, 2017:

	<u>Assets</u>	<u>Liabilities</u>
Futures Contracts	\$ -	\$ 5,422
Total derivative assets and liabilities in the Statement of Assets and Liabilities	\$ -	\$ 5,422
Derivatives not subject to a Master Netting Agreement or similar agreement ("MNA")	\$ -	\$ (5,422)

Bridgeway Large Cap Value Fund

Offsetting of Financial and Derivative Assets as of December 31, 2017:

	<u>Assets</u>	<u>Liabilities</u>
Futures Contracts	\$ -	\$ 134,259
Total derivative assets and liabilities in the Statement of Assets and Liabilities	\$ -	\$ 134,259
Derivatives not subject to a Master Netting Agreement or similar agreement ("MNA")	\$ -	\$ (134,259)

7. Federal Income and Excise Taxes

It is the policy of each 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, each Fund is treated as a single entity for the purpose of determining such qualification.

The Funds do not have any unrecorded tax liabilities in the accompanying financial statements. Each of the tax years in the four year period ended December 31, 2017 remain subject to examination by the Internal Revenue Service. If applicable, the Funds recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in "Other expenses" on the Statements of Operations.

The Funds 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.

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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:

	Bridgeway Large Cap Growth Fund			Bridgeway Large Cap Value Fund	
	Year Ended December 31, 2017	Six Months Ended December 31, 2016	Year Ended June 30, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Distributions paid from:					
Ordinary income*					
Institutional Class	\$ 2,444,697	\$ 860,039	\$ 775,100	\$ 21,115,635	\$ 16,192,058
Y Class	27,566	4,225	-	20,051,334	11,608,153
Investors Class	990,945	2,556	-	14,070,130	17,444,134
A Class	59,745	872	-	815,141	1,598,995
C Class	8,677	1,137	-	342,565	399,395
R6 Class	-	-	-	1,038,664	-
Long-term capital gains					
Institutional Class	4,759,699	-	-	65,169,621	136,773
Y Class	53,797	-	-	64,466,890	102,639
Investors Class	1,942,083	-	-	58,276,464	186,988
A Class	123,172	-	-	4,055,680	18,482
C Class	21,069	-	-	4,417,087	12,283
R6 Class	-	-	-	3,153,059	-
Total distributions paid . . .	\$ 10,431,450	\$ 868,829	\$ 775,100	\$ 256,972,270	\$ 47,699,900

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

As of December 31, 2017 the components of distributable earnings (deficits) on a tax basis were as follows:

Fund	Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized	
				Appreciation	(Depreciation)
Bridgeway Large Cap Growth	\$ 217,662,584	\$ 40,962,545	\$ (1,999,264)	\$ 38,963,281	
Bridgeway Large Cap Value	4,011,136,867	871,801,698	(103,292,327)	768,509,371	

Fund	Net Unrealized Appreciation (Depreciation)	Undistributed Ordinary Income	Undistributed Long-Term Capital Gains	Accumulated Capital and Other (Losses)	Other Temporary Differences	Distributable Earnings
Bridgeway Large Cap Value	768,509,371	-	80,504,292	-	(1)	849,013,662

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, the tax deferral of post-October capital losses and the realization for tax purposes of unrealized gains (losses) on certain derivative instruments.

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 Statements of Assets and Liabilities.

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Accordingly, the following amounts represent current year permanent differences derived from reclassifications of income from real estate investment securities, reclassifications of income to return of capital, basis adjustments on transferred assets from the Target Fund, distribution re-designations and distributions in excess of current earnings as of December 31, 2017:

Fund	Paid-In-Capital	Undistributed (Overdistribution of) Net Investment Income	Accumulated Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)
Bridgeway Large Cap Growth	\$ (119,147)	\$ 116,020	\$ 3,127	\$ -
Bridgeway Large Cap Value	-	1,219,180	(1,219,180)	-

Under the Regulated Investment Company Modernization Act of 2010 (“RIC MOD”), net capital losses recognized by the Funds in taxable years beginning after December 22, 2010 are carried forward indefinitely and retain their character as short-term and/or long-term losses. Prior to RICMOD, net capital losses incurred by the Fund were carried forward for eight years and treated as short-term losses. RICMOD requires that post enactment losses be utilized before pre-enactment net capital losses.

For the year ended December 31, 2017, the Funds did not have any capital loss carryforwards. The Bridgeway Large Cap Growth Fund utilized \$7,930,923 pre-RIC MOD capital loss carryforward.

The Funds are permitted for tax purposes to defer into its next fiscal year qualified late year losses. Qualified late year capital losses are any capital losses incurred after October 31 through the Fund’s fiscal year end, December 31, 2017. Qualified late year ordinary losses are specified losses generally incurred after October 31 through the Fund’s fiscal year end, December 31, 2017. For the period ended December 31, 2017, Bridgeway Large Cap Growth Fund deferred \$1,770,090 of capital losses to January 1, 2018.

8. Investment Transactions

The aggregate cost of purchases and proceeds from sales of investments, other than short-term obligations, for the year ended December 31, 2017 were as follows:

Fund	Purchases (non-U.S. Government Securities)	Sales (non-U.S. Government Securities)
Bridgeway Large Cap Growth	\$ 120,132,759	\$ 129,497,929
Bridgeway Large Cap Value	2,322,923,198	2,045,441,958

A summary of the Funds’ transactions in the USG Select Fund for the year ended December 31, 2017 are as follows:

Fund	Type of Transaction	December 31, 2016		December 31, 2017		Dividend Income
		Share/Fair Value	Purchases	Sales	Share/Fair Value	
Bridgeway Large Cap Growth Fund . .	Direct	\$ 1,766,715	\$ 80,533,137	\$ 80,857,888	\$ 1,441,964	\$ 47,510
Bridgeway Large Cap Growth Fund . .	Securities Lending	-	65,569,572	65,569,572	-	N/A
Bridgeway Large Cap Value Fund . . .	Direct	94,937,593	2,098,363,158	2,089,086,984	104,213,767	555,870
Bridgeway Large Cap Value Fund . . .	Securities Lending	-	430,783,276	430,783,276	-	N/A

9. Securities Lending

The Funds may lend their securities to qualified financial institutions, such as certain broker-dealers, to earn additional income. The borrowers are required to secure their loans continuously with collateral in an amount at least equal to the fair value of the securities loaned, initially in an amount at least equal to 102% of the fair value of domestic securities loaned and 105% of the fair value of international securities loaned. Collateral is monitored

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and marked-to-market daily. Daily mark-to-market amounts are required to be paid to the borrower or received from the borrower by the end of the following business day. This one day settlement for mark-to-market amounts may result in the collateral being temporarily less than the value of the securities on loan or temporarily more than the required minimum collateral.

To the extent that a loan is collateralized by cash, such cash collateral shall be invested by the securities lending agent (the “Agent”) in money market mutual funds and other short-term investments, provided the investments meet certain quality and diversification requirements. Securities purchased with cash collateral proceeds are listed in the Funds’ Schedule of Investments and the collateral is shown on the Statement of Assets and Liabilities as a payable.

Securities lending income is generated from the demand premium (if any) paid by the borrower to borrow a specific security and from the return on investment of cash collateral, reduced by negotiated rebate fees paid to the borrower and transaction costs. To the extent that a loan is secured by non-cash collateral, securities lending income is generated as a demand premium reduced by transaction costs. The Funds, the Agent, and the Manager retained 80%, 10%, and 10%, respectively, of the income generated from securities lending.

While securities are on loan, the Funds continue to receive certain income associated with that security and any gain or loss in the market price that may occur during the term of the loan. In the case of domestic equities, the value of any dividend is received in the form of a substitute payment approximately equal to the dividend. In the case of foreign securities, a negotiated amount is received that is less than the actual dividend, but higher than the dividend amount minus the foreign tax that the Funds would be subject to on the dividend.

Securities lending transactions pose certain risks to the Funds, including that the borrower may not provide additional collateral when required or return the securities when due, that the value of the short-term investments will be less than the amount of cash collateral required to be returned to the borrower, that non-cash collateral may be subject to legal constraints in the event of a borrower bankruptcy, and that the cash collateral investments could become illiquid and unable to be used to return collateral to the borrower. The Funds could also experience delays and costs in gaining access to the collateral. The Funds bear the risk of any deficiency in the amount of the cash collateral available for return to the borrower and any action which impairs its ability to liquidate non-cash collateral to satisfy a borrower default.

Cash collateral is listed on the Funds’ Schedules of Investments and is shown on the Statements of Assets and Liabilities. Income earned on these investments is included in “Income derived from securities lending” on the Statements of Operations.

Non-cash collateral received by the Funds may not be sold or re-pledged except to satisfy a borrower default. Therefore, non-cash collateral is not included on the Funds’ Schedules of Investments or Statements of Assets and Liabilities.

The Funds did not have any securities on loan or hold any securities lending collateral as of the year ended December 31, 2017.

10. Borrowing Arrangements

Effective November 16, 2017, the Funds, along with certain other funds managed by the Manager (“Participating Funds”), entered into 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 \$50 million with interest at a rate equal to the higher of (a) one-month London Inter-Bank Offered Rate (“LIBOR”) plus 1.25% per annum or (b) the Federal Funds rate plus 1.25% per annum on amounts borrowed. Each of the Participating Funds will pay a commitment fee at a rate of 0.25% per annum on the unused portion of the Committed Line amount. The Committed Line expires November 15, 2018, unless extended by the Bank or terminated by the Participating Funds in accordance with the agreement.

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Notes to Financial Statements

December 31, 2017

Effective November 16, 2017, the Funds, along with certain other Participating Funds managed by the Manager, entered into an uncommitted discretionary demand revolving line of credit (the "Uncommitted Line") agreement with the Bank to be used to facilitate portfolio liquidity. The maximum borrowing amount under the Uncommitted Line is \$50 million with interest at a rate equal to the higher of (a) one-month LIBOR plus 1.25% per annum or (b) the Federal Funds rate. The Uncommitted Line expires November 15, 2018, 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 "Other expenses" on the Statements of Operations, along with commitment fees, that have been allocated among the Participating Funds based on average daily net assets. During the year ended December 31, 2017, the Funds did not utilize this facility.

11. Capital Share Transactions

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

	Institutional Class					
	Year Ended December 31, 2017		Six Months Ended December 31, 2016		Year Ended June 30, 2016	
	Shares	Amount	Shares	Amount	Shares	Amount
Bridgeway Large Cap Growth Fund						
Shares sold	573,230	\$ 15,764,540	347,029	\$ 8,235,900	1,664,057	\$ 38,562,092
Reinvestment of dividends	234,024	7,037,103	33,619	832,747	31,858	753,120
Issued in Reorganization	560,148	17,375,797	-	-	-	-
Shares redeemed	(869,054)	(23,815,289)	(911,246)	(21,647,448)	(2,302,986)	(50,942,698)
Net increase/(decrease) in shares outstanding	498,348	\$ 16,362,151	(530,598)	\$ (12,578,801)	(607,071)	\$ (11,627,486)
	Y Class					
	Year Ended December 31, 2017		Six Months Ended December 31, 2016		February 5, 2016 ^A to June 30, 2016	
	Shares	Amount	Shares	Amount	Shares	Amount
Bridgeway Large Cap Growth Fund						
Shares sold	35,909	\$ 1,013,797	16,663	\$ 391,005	19,831	\$ 436,655
Reinvestment of dividends	2,711	81,363	171	4,225	-	-
Issued in Reorganization	5,051	156,423	-	-	-	-
Shares redeemed	(3,449)	(96,277)	(7,072)	(168,547)	(2,209)	(48,222)
Net increase in shares outstanding	40,222	\$ 1,155,306	9,762	\$ 226,683	17,622	\$ 388,433
	Investor Class					
	Year Ended December 31, 2017		Six Months Ended December 31, 2016		February 5, 2016 ^A to June 30, 2016	
	Shares	Amount	Shares	Amount	Shares	Amount
Bridgeway Large Cap Growth Fund						
Shares sold	55,661	\$ 1,500,036	10,944	\$ 261,573	7,575	\$ 159,910
Reinvestment of dividends	98,167	2,930,272	103	2,557	-	-
Issued in Reorganization	2,283,713	70,337,259	-	-	-	-
Shares redeemed	(50,343)	(1,467,164)	(525)	(13,045)	(1,697)	(38,429)
Net increase in shares outstanding	2,387,198	\$ 73,300,403	10,522	\$ 251,085	5,878	\$ 121,481
	A Class					
	Year Ended December 31, 2017		Six Months Ended December 31, 2016		February 5, 2016 ^A to June 30, 2016	
	Shares	Amount	Shares	Amount	Shares	Amount
Bridgeway Large Cap Growth Fund						
Shares sold	108,872	\$ 3,081,503	4,610	\$ 109,611	14,372	\$ 311,305
Reinvestment of dividends	6,085	181,953	35	872	-	-
Issued in Reorganization	43,610	1,344,061	-	-	-	-
Shares redeemed	(8,365)	(233,976)	(6,104)	(144,565)	(7,349)	(166,121)
Net increase/(decrease) in shares outstanding	150,202	\$ 4,373,541	(1,459)	\$ (34,082)	7,023	\$ 145,184
	C Class					
	Year Ended December 31, 2017		Six Months Ended December 31, 2016		February 5, 2016 ^A to June 30, 2016	
	Shares	Amount	Shares	Amount	Shares	Amount
Bridgeway Large Cap Growth Fund						
Shares sold	8,335	\$ 224,338	1,783	\$ 43,207	10,768	\$ 231,867
Reinvestment of dividends	1,008	29,746	46	1,137	-	-
Issued in Reorganization	10,919	331,620	-	-	-	-
Shares redeemed	(1,258)	(35,056)	(5,334)	(125,544)	-	-
Net increase/(decrease) in shares outstanding	19,004	\$ 550,648	(3,505)	\$ (81,200)	10,768	\$ 231,867

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Notes to Financial Statements

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Bridgeway Large Cap Value Fund

Shares sold	22,141,959
Reinvestment of dividends	2,851,013
Shares redeemed	(16,256,439)
Net increase in shares outstanding	8,736,533

Bridgeway Large Cap Value Fund

Shares sold	30,846,571
Reinvestment of dividends	2,784,424
Shares redeemed	(13,143,773)
Net increase in shares outstanding	20,487,222

Bridgeway Large Cap Value Fund

Shares sold	12,127,050
Reinvestment of dividends	2,532,136
Shares redeemed	(26,895,237)
Net increase (decrease) in shares outstanding	(12,236,051)

Bridgeway Large Cap Value Fund

Shares sold	1,323,482
Reinvestment of dividends	166,852
Shares redeemed	(4,000,004)
Net (decrease) in shares outstanding	(2,509,670)

Bridgeway Large Cap Value Fund

Shares sold	646,529
Reinvestment of dividends	148,656
Shares redeemed	(1,057,869)
Net increase (decrease) in shares outstanding	(262,684)

Bridgeway Large Cap Value Fund

Shares sold	3,096,230
Reinvestment of dividends	146,308
Shares redeemed	(36,754)
Net increase in shares outstanding	3,205,784

^A Commencement of operations.

12. 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 Funds' financial statements through this date.

Institutional Class			
Year Ended December 31,			
2017		2016	
Shares	Amount	Shares	Amount
22,141,959	\$ 605,634,913	29,618,277	\$ 702,728,158
2,851,013	81,738,543	587,707	15,521,344
(16,256,439)	(452,560,664)	(14,779,522)	(361,176,117)
8,736,533	\$ 234,812,792	15,426,462	\$ 357,073,385

Y Class			
Year Ended December 31,			
2017		2016	
Shares	Amount	Shares	Amount
30,846,571	\$ 837,274,698	21,737,331	\$ 518,148,202
2,784,424	79,606,684	418,386	11,024,436
(13,143,773)	(357,121,560)	(6,598,894)	(157,373,925)
20,487,222	\$ 559,759,822	15,556,823	\$ 371,798,713

Investor Class			
Year Ended December 31,			
2017		2016	
Shares	Amount	Shares	Amount
12,127,050	\$ 327,627,225	31,217,772	\$ 738,978,810
2,532,136	72,191,205	668,953	17,573,398
(26,895,237)	(724,443,760)	(14,003,271)	(332,412,565)
(12,236,051)	\$ (324,625,330)	17,883,454	\$ 424,139,643

A Class			
Year Ended December 31,			
2017		2016	
Shares	Amount	Shares	Amount
1,323,482	\$ 35,172,571	2,195,353	\$ 51,983,617
166,852	4,741,923	55,177	1,442,871
(4,000,004)	(109,268,040)	(2,884,469)	(67,173,170)
(2,509,670)	\$ (69,353,546)	(633,939)	\$ (13,746,682)

C Class			
Year Ended December 31,			
2017		2016	
Shares	Amount	Shares	Amount
646,529	\$ 16,939,095	1,058,012	\$ 24,046,258
148,656	4,122,220	13,238	338,911
(1,057,869)	(27,847,899)	(919,457)	(21,163,388)
(262,684)	\$ (6,786,584)	151,793	\$ 3,221,781

R6 Class			
April 28, 2017 ^A to December 31, 2017			
Shares	Amount	Shares	Amount
3,096,230	\$ 91,569,174		
146,308	4,191,724		
(36,754)	(1,070,350)		
3,205,784	\$ 94,690,548		

American Beacon Bridgeway Large Cap Growth FundSM

Financial Highlights

(For a share outstanding throughout the period)

	Institutional Class ^A					
	Year Ended December 31, 2017 ^G	Six Months Ended December 31, 2016	Year Ended June 30,			
			2016	2015	2014	2013
Net asset value, beginning of period	\$ 24.47	\$ 22.77	\$ 23.71	\$ 20.51	\$ 16.18	\$ 13.33
Income (loss) from investment operations:						
Net investment income	0.10	0.04	0.07	0.17 ^B	0.13 ^B	0.16 ^B
Net gains (losses) on investments (both realized and unrealized)	6.56	1.82	(0.90)	3.14	4.29	2.88
Total income (loss) from investment operations	6.66	1.86	(0.83)	3.31	4.42	3.04
Less distributions:						
Dividends from net investment income	(0.08)	(0.16)	(0.11)	(0.11)	(0.09)	(0.19)
Distributions from net realized gains	(1.17)	-	-	-	-	-
Total distributions	(1.25)	(0.16)	(0.11)	(0.11)	(0.09)	(0.19)
Net asset value, end of period	\$ 29.88	\$ 24.47	\$ 22.77	\$ 23.71	\$ 20.51	\$ 16.18
Total return ^C	27.21%	8.15% ^E	(3.52)%	16.19%	27.41% ^D	23.06% ^D
Ratios and supplemental data:						
Net assets, end of period	\$ 178,062,388	\$ 133,638,400	\$ 136,460,611	\$ 156,493,513	\$ 56,343,594	\$ 47,966,566
Ratios to average net assets:						
Expenses, before reimbursements	1.06%	1.02% ^F	0.89%	0.81%	0.87%	0.90%
Expenses, net of reimbursements	0.81%	0.81% ^F	0.83%	0.81%	0.84%	0.84%
Net investment income, before expense reimbursements	0.15%	0.12% ^F	0.30%	0.75%	0.70%	1.10%
Net investment income, net of reimbursements	0.40%	0.33% ^F	0.35%	0.75%	0.70%	1.10%
Portfolio turnover rate	78%	40% ^E	100%	48%	74%	49%

^A Prior to the reorganization on February 5, 2016, the Institutional Class was known as Class N.

^B Per share amounts have been calculated using the average shares method.

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

^D Total return would have been lower had various fees not been waived during the period.

^E Not annualized.

^F Annualized.

^G On December 15, 2017, pursuant to a plan of Reorganization on termination, the American Beacon Bridgeway Large Cap Growth II Fund ("Target Fund") transferred all of its property and assets to the American Beacon Bridgeway Large Cap Growth Fund ("Acquiring Fund") in exchange solely for voting shares of the Acquiring Fund and the assumption of the Target Fund's liabilities.

See accompanying notes

American Beacon Bridgeway Large Cap Growth FundSM

Financial Highlights

(For a share outstanding throughout the period)

	Y Class		
	Year Ended December 31, 2017 ^F	Six Months Ended December 31, 2016	February 5, 2016 ^A to June 30, 2016
Net asset value, beginning of period	\$ 24.45	\$ 22.77	\$ 20.46
Income from investment operations:			
Net investment income	0.05	0.03	0.03
Net gains on investments (both realized and unrealized)	6.57	1.81	2.28
Total income from investment operations	6.62	1.84	2.31
Less distributions:			
Dividends from net investment income	(0.08)	(0.16)	-
Distributions from net realized gains	(1.17)	-	-
Total distributions	(1.25)	(0.16)	-
Net asset value, end of period	\$ 29.82	\$ 24.45	\$ 22.77
Total return ^B	27.06%	8.06% ^C	11.29% ^C
Ratios and supplemental data:			
Net assets, end of period	\$ 2,016,161	\$ 669,530	\$ 401,220
Ratios to average net assets:			
Expenses, before reimbursements	1.13%	1.09% ^D	4.00% ^D
Expenses, net of reimbursements	0.91%	0.91% ^D	0.91% ^D
Net investment income (loss), before expense reimbursements	0.08%	0.11% ^D	(2.69)% ^D
Net investment income, net of reimbursements	0.30%	0.28% ^D	0.40% ^D
Portfolio turnover rate	78%	40% ^C	100% ^E

^A Commencement of operations.

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

^C Not annualized.

^D Annualized.

^E Portfolio turnover rate is for the period from February 5, 2016 through June 30, 2016 and is not annualized.

^F On December 15, 2017, pursuant to a plan of Reorganization on termination, the American Beacon Bridgeway Large Cap Growth II Fund ("Target Fund") transferred all of its property and assets to the American Beacon Bridgeway Large Cap Growth Fund ("Acquiring Fund") in exchange solely for voting shares of the Acquiring Fund and the assumption of the Target Fund's liabilities.

See accompanying notes

American Beacon Bridgeway Large Cap Growth FundSM

Financial Highlights

(For a share outstanding throughout the period)

	Investor Class		
	Year Ended December 31, 2017 ^F	Six Months Ended December 31, 2016	February 5, 2016 ^A to June 30, 2016
Net asset value, beginning of period	\$ 24.38	\$ 22.74	\$ 20.46
Income (loss) from investment operations:			
Net investment income (loss)	(0.01)	(0.01)	0.01
Net gains on investments (both realized and unrealized)	6.53	1.81	2.27
Total income from investment operations	6.52	1.80	2.28
Less distributions:			
Dividends from net investment income	(0.08)	(0.16)	-
Distributions from net realized gains	(1.17)	-	-
Total distributions	(1.25)	(0.16)	-
Net asset value, end of period	\$ 29.65	\$ 24.38	\$ 22.74
Total return ^B	26.72%	7.90% ^C	11.14% ^C
Ratios and supplemental data:			
Net assets, end of period	\$ 71,273,896	\$ 399,798	\$ 133,696
Ratios to average net assets:			
Expenses, before reimbursements	1.40%	1.55% ^D	8.43% ^D
Expenses, net of reimbursements	1.19%	1.19% ^D	1.18% ^D
Net investment (loss), before expense reimbursements	(0.66)%	(0.35)% ^D	(7.08)% ^D
Net investment income (loss), net of reimbursements	(0.45)%	0.02% ^D	0.17% ^D
Portfolio turnover rate	78%	40% ^C	100% ^E

^A Commencement of operations.

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

^C Not annualized.

^D Annualized.

^E Portfolio turnover rate is for the period from February 5, 2016 through June 30, 2016 and is not annualized.

^F On December 15, 2017, pursuant to a plan of Reorganization on termination, the American Beacon Bridgeway Large Cap Growth II Fund ("Target Fund") transferred all of its property and assets to the American Beacon Bridgeway Large Cap Growth Fund ("Acquiring Fund") in exchange solely for voting shares of the Acquiring Fund and the assumption of the Target Fund's liabilities.

See accompanying notes

American Beacon Bridgeway Large Cap Growth FundSM

Financial Highlights

(For a share outstanding throughout the period)

	A Class		
	Year Ended December 31, 2017 ^G	Six Months Ended December 31, 2016	February 5, 2016 ^A to June 30, 2016
Net asset value, beginning of period	\$ 24.39	\$ 22.74	\$ 20.46
Income from investment operations:			
Net investment income	0.00 ^F	0.00 ^F	0.00 ^F
Net gains on investments (both realized and unrealized)	6.54	1.81	2.28
Total income (loss) from investment operations	6.54	1.81	2.28
Less distributions:			
Dividends from net investment income	(0.06)	(0.16)	-
Distributions from net realized gains	(1.17)	-	-
Total distributions	(1.23)	(0.16)	-
Net asset value, end of period	\$ 29.70	\$ 24.39	\$ 22.74
Total return ^B	26.79%	7.94% ^C	11.14% ^C
Ratios and supplemental data:			
Net assets, end of period	\$ 4,625,607	\$ 135,710	\$ 159,744
Ratios to average net assets:			
Expenses, before reimbursements	1.44%	1.43% ^D	5.25% ^D
Expenses, net of reimbursements	1.21%	1.21% ^D	1.21% ^D
Net investment income (loss), before expense reimbursements	(0.23)%	(0.26)% ^D	(4.01)% ^D
Net investment income (loss), net of reimbursements	0.00% ^H	(0.05)% ^D	0.02% ^D
Portfolio turnover rate	78%	40% ^C	100% ^E

^A Commencement of operations.

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

^C Not annualized.

^D Annualized.

^E Portfolio turnover rate is for the period from February 5, 2016 through June 30, 2016 and is not annualized.

^F Amounts are less than \$0.01 per share.

^G On December 15, 2017, pursuant to a plan of Reorganization on termination, the American Beacon Bridgeway Large Cap Growth II Fund ("Target Fund") transferred all of its property and assets to the American Beacon Bridgeway Large Cap Growth Fund ("Acquiring Fund") in exchange solely for voting shares of the Acquiring Fund and the assumption of the Target Fund's liabilities.

^H Amount rounds to less than 0.005%.

See accompanying notes

American Beacon Bridgeway Large Cap Growth FundSM

Financial Highlights

(For a share outstanding throughout the period)

	C Class		
	Year Ended December 31, 2017 ^F	Six Months Ended December 31, 2016	February 5, 2016 ^A to June 30, 2016
Net asset value, beginning of period	\$ 24.22	\$ 22.67	\$ 20.46
Income (loss) from investment operations:			
Net investment income (loss)	(0.10)	(0.13)	(0.04)
Net gains on investments (both realized and unrealized)	6.35	1.84	2.25
Total income from investment operations	6.25	1.71	2.21
Less distributions:			
Dividends from net investment income	-	(0.16)	-
Distributions from net realized gains	(1.17)	-	-
Total distributions	(1.17)	(0.16)	-
Net asset value, end of period	\$ 29.30	\$ 24.22	\$ 22.67
Total return ^B	25.78%	7.52% ^C	10.80% ^C
Ratios and supplemental data:			
Net assets, end of period	\$ 769,559	\$ 175,907	\$ 244,146
Ratios to average net assets:			
Expenses, before reimbursements	2.09%	2.18% ^D	7.33% ^D
Expenses, net of reimbursements	1.96%	1.96% ^D	1.96% ^D
Net investment (loss), before expense reimbursements	(0.90)%	(1.04)% ^D	(5.98)% ^D
Net investment income (loss), net of reimbursements	(0.77)%	(0.81)% ^D	(0.62)% ^D
Portfolio turnover rate	78%	40% ^C	100% ^E

^A Commencement of operations.

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

^C Not annualized.

^D Annualized.

^E Portfolio turnover rate is for the period from February 5, 2016 through June 30, 2016 and is not annualized.

^F On December 15, 2017, pursuant to a plan of Reorganization on termination, the American Beacon Bridgeway Large Cap Growth II Fund ("Target Fund") transferred all of its property and assets to the American Beacon Bridgeway Large Cap Growth Fund ("Acquiring Fund") in exchange solely for voting shares of the Acquiring Fund and the assumption of the Target Fund's liabilities.

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Financial Highlights

(For a share outstanding throughout the period)

	Institutional Class				
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 26.08	\$ 22.75	\$ 23.89	\$ 21.39	\$ 15.85
Income (loss) from investment operations:					
Net investment income	0.37	0.38	0.28	0.10	0.11
Net gains (losses) on investments (both realized and unrealized) . . .	3.78	3.32	(0.58)	2.94	5.87
Total income (loss) from investment operations	4.15	3.70	(0.30)	3.04	5.98
Less distributions:					
Dividends from net investment income	(0.39)	(0.35)	(0.29)	(0.17)	(0.11)
Distributions from net realized gains	(1.27)	(0.02)	(0.55)	(0.37)	(0.33)
Tax return of capital	-	-	(0.00) ^A	-	-
Total distributions	(1.66)	(0.37)	(0.84)	(0.54)	(0.44)
Net asset value, end of period	\$ 28.57	\$ 26.08	\$ 22.75	\$ 23.89	\$ 21.39
Total return ^B	15.88%	16.24%	(1.23)%	14.18%	37.77%
Ratios and supplemental data:					
Net assets, end of period	\$ 1,547,760,278	\$ 1,185,013,905	\$ 682,849,171	\$ 313,660,568	\$ 79,889,063
Ratios to average net assets:					
Expenses, before reimbursements	0.72%	0.73%	0.75%	0.79%	1.01%
Expenses, net of reimbursements . . .	0.72%	0.73%	0.79%	0.84%	0.84%
Net investment income, before expense reimbursements	1.41%	1.69%	1.61%	1.08%	0.98%
Net investment income, net of reimbursements	1.41%	1.69%	1.57%	1.04%	1.16%
Portfolio turnover rate	48%	56%	43%	31%	38%

^A The distributions from return of capital is calculated based on outstanding shares at the time of distribution. Amounts are less than \$0.01 per share.

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

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Financial Highlights

(For a share outstanding throughout the period)

	Y Class				
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 26.01	\$ 22.69	\$ 23.84	\$ 21.35	\$ 15.84
Income (loss) from investment operations:					
Net investment income	0.33	0.32	0.27	0.13	0.22
Net gains (losses) on investments (both realized and unrealized) . . .	3.79	3.35	(0.57)	2.90	5.72
Total income (loss) from investment operations	4.12	3.67	(0.30)	3.03	5.94
Less distributions:					
Dividends from net investment income	(0.37)	(0.33)	(0.30)	(0.17)	(0.10)
Distributions from net realized gains	(1.27)	(0.02)	(0.55)	(0.37)	(0.33)
Tax return of capital	-	-	(0.00) ^A	-	-
Total distributions	(1.64)	(0.35)	(0.85)	(0.54)	(0.43)
Net asset value, end of period	\$ 28.49	\$ 26.01	\$ 22.69	\$ 23.84	\$ 21.35
Total return ^B	15.82%	16.17%	(1.26)%	14.15%	37.55%
Ratios and supplemental data:					
Net assets, end of period	\$ 1,547,228,114	\$ 879,852,983	\$ 414,585,125	\$ 119,162,044	\$ 19,913,753
Ratios to average net assets:					
Expenses, before reimbursements	0.79%	0.80%	0.81%	0.84%	0.93%
Expenses, net of reimbursements . . .	0.79%	0.80%	0.81%	0.85%	0.94%
Net investment income, before expense reimbursements	1.35%	1.63%	1.55%	1.03%	1.07%
Net investment income, net of reimbursements	1.35%	1.63%	1.55%	1.03%	1.06%
Portfolio turnover rate	48%	56%	43%	31%	38%

^A The distributions from return of capital is calculated based on outstanding shares at the time of distribution. Amounts are less than \$0.01 per share.

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

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Financial Highlights

(For a share outstanding throughout the period)

	Investor Class				
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 25.93	\$ 22.64	\$ 23.77	\$ 21.28	\$ 15.81
Income (loss) from investment operations:					
Net investment income	0.32	0.27	0.25	0.14	0.21
Net gains (losses) on investments (both realized and unrealized) . . .	3.71	3.31	(0.61)	2.82	5.68
Total income (loss) from investment operations	4.03	3.58	(0.36)	2.96	5.89
Less distributions:					
Dividends from net investment income	(0.28)	(0.27)	(0.22)	(0.10)	(0.09)
Distributions from net realized gains	(1.27)	(0.02)	(0.55)	(0.37)	(0.33)
Tax return of capital	-	-	(0.00) ^A	-	-
Total distributions	(1.55)	(0.29)	(0.77)	(0.47)	(0.42)
Net asset value, end of period	\$ 28.41	\$ 25.93	\$ 22.64	\$ 23.77	\$ 21.28
Total return ^B	15.52%	15.81%	(1.51)%	13.89%	37.28%
Ratios and supplemental data:					
Net assets, end of period	\$ 1,387,184,369	\$ 1,583,853,257	\$ 977,719,149	\$ 668,659,150	\$ 274,113,476
Ratios to average net assets:					
Expenses, before reimbursements	1.06%	1.08%	1.09%	1.11%	1.08%
Expenses, net of reimbursements . . .	1.06%	1.08%	1.09%	1.11%	1.09%
Net investment income, before expense reimbursements	1.04%	1.35%	1.28%	0.76%	0.95%
Net investment income, net of reimbursements	1.04%	1.35%	1.28%	0.76%	0.94%
Portfolio turnover rate	48%	56%	43%	31%	38%

^A The distributions from return of capital is calculated based on outstanding shares at the time of distribution. Amounts are less than \$0.01 per share.

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

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Financial Highlights

(For a share outstanding throughout the period)

	A Class				
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 25.82	\$ 22.53	\$ 23.66	\$ 21.22	\$ 15.78
Income (loss) from investment operations:					
Net investment income	0.42	0.32	0.27	0.09	0.19
Net gains (losses) on investments (both realized and unrealized)	3.58	3.24	(0.64)	2.84	5.64
Total income (loss) from investment operations	4.00	3.56	(0.37)	2.93	5.83
Less distributions:					
Dividends from net investment income	(0.23)	(0.25)	(0.21)	(0.12)	(0.06)
Distributions from net realized gains	(1.27)	(0.02)	(0.55)	(0.37)	(0.33)
Tax return of capital	-	-	(0.00) ^A	-	-
Total distributions	(1.50)	(0.27)	(0.76)	(0.49)	(0.39)
Net asset value, end of period	\$ 28.32	\$ 25.82	\$ 22.53	\$ 23.66	\$ 21.22
Total return ^B	15.46%	15.79%	(1.56)%	13.76%	37.01%
Ratios and supplemental data:					
Net assets, end of period	\$ 96,229,248	\$ 152,520,884	\$ 147,394,607	\$ 103,716,652	\$ 31,300,069
Ratios to average net assets:					
Expenses, before reimbursements	1.08%	1.12%	1.12%	1.19%	1.38%
Expenses, net of reimbursements	1.08%	1.12%	1.12%	1.21%	1.34%
Net investment income, before expense reimbursements	1.01%	1.31%	1.25%	0.69%	0.61%
Net investment income, net of reimbursements	1.01%	1.31%	1.25%	0.67%	0.66%
Portfolio turnover rate	48%	56%	43%	31%	38%

^A The distributions from return of capital is calculated based on outstanding shares at the time of distribution. Amounts are less than \$0.01 per share.

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

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Financial Highlights

(For a share outstanding throughout the period)

	C Class				
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Net asset value, beginning of period	\$ 25.27	\$ 22.08	\$ 23.27	\$ 21.00	\$ 15.70
Income (loss) from investment operations:					
Net investment income	0.08	0.13	0.13	0.02	0.18
Net gains (losses) on investments (both realized and unrealized)	3.62	3.16	(0.66)	2.69	5.47
Total income (loss) from investment operations	3.70	3.29	(0.53)	2.71	5.65
Less distributions:					
Dividends from net investment income	(0.07)	(0.08)	(0.11)	(0.07)	(0.02)
Distributions from net realized gains	(1.27)	(0.02)	(0.55)	(0.37)	(0.33)
Tax return of capital	-	-	(0.00) ^A	-	-
Total distributions	(1.34)	(0.10)	(0.66)	(0.44)	(0.35)
Net asset value, end of period	\$ 27.63	\$ 25.27	\$ 22.08	\$ 23.27	\$ 21.00
Total return ^B	14.62%	14.91%	(2.27)%	12.88%	36.02%
Ratios and supplemental data:					
Net assets, end of period	\$ 102,553,616	\$ 100,447,531	\$ 84,411,378	\$ 33,536,254	\$ 2,346,463
Ratios to average net assets:					
Expenses, before reimbursements	1.83%	1.86%	1.87%	1.92%	2.13%
Expenses, net of reimbursements	1.83%	1.86%	1.87%	1.94%	2.09%
Net investment income (loss), before expense reimbursements	0.28%	0.57%	0.48%	(0.05)%	(0.13)%
Net investment income (loss), net of reimbursements	0.28%	0.57%	0.48%	(0.08)%	(0.08)%
Portfolio turnover rate	48%	56%	43%	31%	38%

^A The distributions from return of capital is calculated based on outstanding shares at the time of distribution. Amounts are less than \$0.01 per share.

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

See accompanying notes

American Beacon Bridgeway Large Cap Value FundSM

Financial Highlights

(For a share outstanding throughout the period)

	R6 Class
	April 28, 2017 ^A to December 31, 2017
Net asset value, beginning of period	<u>\$ 26.73</u>
Income from investment operations:	
Net investment income	0.11
Net gains on investments (both realized and unrealized)	<u>3.37</u>
Total income from investment operations	<u>3.48</u>
Less distributions:	
Dividends from net investment income	(0.39)
Distributions from net realized gains	<u>(1.27)</u>
Total distributions	<u>(1.66)</u>
Net asset value, end of period	<u>\$ 28.55</u>
Total return ^B	<u>13.01%^C</u>
Ratios and supplemental data:	
Net assets, end of period	\$ 91,521,786
Ratios to average net assets:	
Expenses, before reimbursements	0.75% ^D
Expenses, net of reimbursements	0.71% ^D
Net investment income, before expense reimbursements	1.44% ^D
Net investment income, net of reimbursements	1.48% ^D
Portfolio turnover rate	48% ^E

^A Commencement of operations.

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

^C Not annualized.

^D Annualized.

^E Portfolio turnover is for the period from April 28, 2017 through December 31, 2017 and is not annualized.

See accompanying notes

American Beacon FundsSM Shareholder Meeting Report

December 31, 2017 (Unaudited)

A special meeting of Shareholders of the American Beacon Bridgeway Large Cap Growth II Fund, a series in the American Beacon Funds (the “Trust”), was held on December 14, 2017. The Shareholders approved the Plan of Reorganization and Termination to reorganize the American Beacon Large Cap Growth II Fund into the American Beacon Bridgeway Large Cap Growth Fund, another series of the Trust. Approval of this proposal required a majority of the outstanding voting securities of each Fund. The following are the results of the shareholder votes for this proposal:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Non-Voting</u>
2,231,976.33	59.90	63,528.24	1,028,075.45

American Beacon FundsSM

Federal Tax Information

December 31, 2017 (Unaudited)

The Funds are required to provide to Shareholders certain tax information based upon the Fund's income and distribution for the taxable year ended December 31, 2017. The information and distributions reported herein may differ from information and distributions taxable to the shareholders for the calendar year ended December 31, 2017.

The Funds designated the following items with regard to distributions paid during the year ended December 31, 2017. 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 Fund to designate the maximum amount permitted under the Internal Revenue Code of 1986, as amended, and the regulations there under.

	<u>Bridgeway Large Cap Growth Fund</u>	<u>Bridgeway Large Cap Value Fund</u>
Corporate Dividends Received Deduction	84.50%	100.00%
Qualified Dividend Income	92.30%	100.00%

The Bridgeway Large Cap Growth Fund designated \$6,899,820 as long-term capital gains distributions and \$2,841,720 as short-term capital gains distributions for the year ended December 31, 2017. The Bridgeway Large Cap Value Fund designated \$199,538,801 as long-term capital gains distributions and \$4,500,620 as short-term capital gains distributions for the year ended December 31, 2017.

Shareholders received notification in January 2018 of the appropriate tax information necessary to prepare their 2017 income tax return.

Trustees and Officers of the American Beacon FundsSM (Unaudited)

The Trustees and officers of the American Beacon Funds (the “Trust”) are listed below, together with their principal occupations during the past five years. The address of each person listed below is 220 Las Colinas Boulevard East, Suite 1200, Irving, Texas 75039. Each Trustee oversees thirty-five 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 and Address</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>
INTERESTED TRUSTEES		
<u>Term</u>		
Lifetime of Trust until removal, resignation or retirement*		
Alan D. Feld** (81)	Trustee since 1996	Sole Shareholder of a professional corporation which is a Partner in the law firm of Akin, Gump, Strauss, Hauer & Feld, LLP (law firm) (1960-Present); Trustee, American Beacon Mileage Funds (1996-2012); Trustee, American Beacon Select Funds (1999-Present); Trustee, American Beacon Master Trust (1996-2012); Trustee, American Beacon Institutional Funds Trust (2017-Present).
NON-INTERESTED TRUSTEES		
<u>Term</u>		
Lifetime of Trust until removal, resignation or retirement*		
Gilbert G. Alvarado (48)	Trustee since 2015	Director, Kura MD, Inc. (local telehealth organization) (2015-present); Vice President & CFO, Sierra Health Foundation (health conversion private foundation) (2006-Present); Vice President & CFO, Sierra Health Foundation: Center for Health Program Management (California public benefit corporation) (2012-Present); Director, Innovative North State (2012-2015); Director, Sacramento Regional Technology Alliance (2011-2016); Director, Women’s Empowerment (2009-2014); Director, Valley Healthcare Staffing (2017-present); Trustee, American Beacon Select Funds (2015-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present).
Joseph B. Armes (55)	Trustee since 2015	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-present) (investment company); CEO, Capital Southwest Corporation (2013-2015); President & CEO, JBA Investment Partners (family investment vehicle) (2010-Present); Director and Chair of Audit Committee, RSP Permian (oil and gas producer) (2013-Present); Trustee, American Beacon Select Funds (2015-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present).
Gerard J. Arpey (59)	Trustee since 2012	Director, The Home Depot, Inc. (2015-Present); Partner, Emerald Creek Group (private equity firm) (2011-Present); Director, S.C. Johnson & Son, Inc. (privately held company) (2008-present); Trustee, American Beacon Select Funds (2012-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present).
Brenda A. Cline (57)	Trustee since 2004	Executive Vice President, Chief Financial Officer, Treasurer and Secretary, Kimbell Art Foundation (1993-Present); Director, Range Resources Corporation (oil and natural gas company) (2015-Present); Director, Tyler Technologies, Inc. (public sector software solutions company) (2014-Present); Trustee, American Beacon Mileage Funds (2004-2012); Trustee, American Beacon Select Funds (2004-Present); Trustee, American Beacon Master Trust (2004-2012); Trustee, American Beacon Institutional Funds Trust (2017-Present).

Trustees and Officers of the American Beacon FundsSM (Unaudited)

Name, Age and Address	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
NON-INTERESTED TRUSTEES (CONT.)		
<u>Term</u>		
Eugene J. Duffy (63)	Trustee since 2008	Managing Director, Institutional Services, Intercontinental Real Estate Corporation (2014-Present); Principal and Executive Vice President, Paradigm Asset Management (1994-2014); Director, Sunrise Bank of Atlanta (2008-2013); Trustee, American Beacon Mileage Funds (2008-2012); Trustee, American Beacon Select Funds (2008-Present); Trustee, American Beacon Master Trust (2008-2012); Trustee, American Beacon Institutional Funds Trust (2017-Present).
Thomas M. Dunning*** (75)	Trustee since 2008	Chairman Emeritus, Lockton Dunning Benefits (consulting firm in employee benefits) (2008-Present); Board Director, Oncor Electric Delivery Company LLC (2007-Present); Trustee, American Beacon Mileage Funds (2008-2012); Trustee, American Beacon Select Funds (2008-Present); Trustee, American Beacon Master Trust (2008-2012); Trustee, American Beacon Institutional Funds Trust (2017-Present).
Richard A. Massman (74)	Trustee since 2004 Chairman since 2008	Consultant and General Counsel Emeritus, Hunt Consolidated, Inc. (holding company engaged in oil and gas exploration and production, refining, real estate, farming, ranching and venture capital activities) (2009-Present); Trustee, American Beacon Mileage Funds (2004-2012); Trustee, American Beacon Select Funds (2004-Present); Trustee, American Beacon Master Trust (2004-2012); Trustee, American Beacon Institutional Funds Trust (2017-Present).
Barbara J. McKenna, CFA (54)	Trustee since 2012	Managing Principal, Longfellow Investment Management Company (2005-Present); Trustee, American Beacon Select Funds (2012-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present).
R. Gerald Turner (72)	Trustee since 2001	President, Southern Methodist University (1995-Present); Director, J.C. Penney Company, Inc. (1996-Present); Director, Kronus Worldwide Inc. (chemical manufacturing) (2003-Present); Trustee, American Beacon Mileage Funds (2001-2012); Trustee, American Beacon Select Funds (2001-Present); Trustee, American Beacon Master Trust (2001-2012); Trustee, American Beacon Institutional Funds Trust (2017-Present).
OFFICERS		
<u>Term</u>		
One Year		
Gene L. Needles, Jr. (63)	President since 2009	President, CEO and Director, American Beacon Advisors, Inc. (2009-Present); President, CEO and Director, Resolute Investment Managers, Inc. (2015-Present); President, CEO and Director, Resolute Acquisition, Inc. (2015-Present); President, CEO and Director, Resolute Topco, Inc. (2015-Present), President & CEO, Resolute Investment Holdings, LLC (2015-Present); President, CEO and Director, Lighthouse Holdings, Inc. (2009-2015); President and CEO, Lighthouse Holdings Parent, Inc. (2009-2015); Manager, President and CEO, American Private Equity Management, LLC (2012-Present); President, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2014-Present); Director, Chairman, President and CEO, Alpha Quant Advisors, LLC (2016-Present); Director, ARK Investment Management LLC (2016-Present); Director, Shapiro Capital Management LLC (2017-Present); Member, Investment Advisory Committee, Employees Retirement System of Texas (2017-Present); Trustee, American Beacon NextShares Trust (2015-Present); President, American Beacon Select Funds (2009-Present); President, American Beacon Mileage Funds (2009-2012); President, American Beacon Master Trust (2009-2012); President, American Beacon Institutional Funds Trust (2017-Present).

Trustees and Officers of the American Beacon FundsSM (Unaudited)

<u>Name, Age and Address</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>
OFFICERS (CONT.)		
	<u>Term</u>	
Rosemary K. Behan (58)	VP, Secretary and Chief Legal Officer since 2006	Vice President and Secretary, American Beacon Advisors, Inc. (2006-Present); Secretary, Resolute Investment Holdings, LLC (2015-Present); Secretary, Resolute Investment Managers, Inc. (2015-Present); Secretary, Resolute Topco, Inc. (2015-Present); Secretary, Resolute Acquisition, Inc. (2015-Present); Secretary, Lighthouse Holdings, Inc. (2008-2015); Secretary, Lighthouse Holdings Parent, Inc. (2008-2015); Secretary, American Private Equity Management, LLC (2008-Present); Secretary, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2014-Present); Secretary, Alpha Quant Advisors, LLC (2016-Present); Chief Legal Officer, Vice President and Secretary, American Beacon Select Funds (2006-Present); Chief Legal Officer, Vice President and Secretary, American Beacon Mileage Funds (2006-2012); Chief Legal Officer, Vice President and Secretary, American Beacon Master Trust (2006-2012); Chief Legal Officer, Vice President and Secretary, American Beacon Institutional Funds Trust (2017-Present).
Brian E. Brett (57)	VP since 2004	Senior Vice President (2012-Present) and Vice President (2004-2012), American Beacon Advisors, Inc.; Vice President, American Beacon Select Funds (2004-Present); Vice President, American Beacon Mileage Funds (2004-2012); Vice President, American Beacon Master Trust (2004-2012); Vice President, American Beacon Institutional Funds Trust (2017-Present).
Paul B. Cavazos (48)	VP since 2016	Senior Vice President, American Beacon Advisors, Inc. (2016-Present); Chief Investment Officer and Assistant Treasurer, DTE Energy (2007-2016); Vice President, American Beacon Select Funds (2016-Present); Vice President, American Beacon Institutional Funds Trust (2017-Present).
Erica Duncan (47)	VP Since 2011	Vice President, American Beacon Advisors, Inc. (2011-Present); Vice President, American Beacon Select Funds (2011-Present); Vice President, American Beacon Mileage Funds (2011-2012); Vice President, American Beacon Master Trust (2011-2012); Vice President, American Beacon Institutional Funds Trust (2017-Present).
Melinda G. Heika (56)	Treasurer since 2010	Treasurer, American Beacon Advisors, Inc. (2010-Present); Resolute Investment Managers, Inc. (2015-Present); Treasurer, Resolute Acquisition, Inc. (2015-Present); Treasurer, Resolute Topco, Inc. (2015-Present); Treasurer, Resolute Investment Holdings, LLC. (2015-Present); Treasurer, Lighthouse Holdings, Inc. (2010-2015); Treasurer, Lighthouse Holdings Parent Inc., (2010-2015); Treasurer, American Private Equity Management, LLC (2012-Present); Director and Treasurer, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2014-Present); Treasurer, American Beacon Select Funds (2010-Present); Treasurer, American Beacon Mileage Funds (2010-2012); Treasurer, American Beacon Master Trust (2010-2012); Treasurer, American Beacon Institutional Funds Trust (2017-Present).
Terri L. McKinney (54)	VP since 2010	Vice President (2009-Present) and Managing Director (2003-2009), American Beacon Advisors, Inc.; Vice President, Resolute Investment Managers, Inc. (2017-Present); Vice President, Alpha Quant Advisors, LLC (2016-Present); Vice President, American Beacon Select Funds (2010-Present); Vice President, American Beacon Mileage Funds (2010-2012); Vice President, American Beacon Master Trust (2010-2012); Vice President, American Beacon Institutional Funds Trust (2017-Present).

Trustees and Officers of the American Beacon FundsSM (Unaudited)

Name, Age and Address	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
OFFICERS (CONT.)		
	<u>Term</u>	
Jeffrey K. Ringdahl (42)	VP since 2010	Senior Vice President (2013-Present), Vice President (2010-2013), and Director (2015-Present), American Beacon Advisors, Inc.; Vice President, American Beacon Select Funds (2010-Present); Vice President, American Beacon Mileage Funds (2010-2012); Vice President, American Beacon Master Trust (2010-2012); Senior Vice President (2012-Present) and Manager (2015-Present), American Private Equity Management, LLC; Senior Vice President, Lighthouse Holdings, Inc. (2013-2015); Senior Vice President, Lighthouse Holdings Parent, Inc. (2013-2015); Director and Vice President, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2014-Present); Trustee, American Beacon NextShares Trust (2015-Present); Director and Senior Vice Present, Resolute Investment Holdings, LLC (2015-Present); Director and Senior Vice President, Resolute Topco, Inc. (2015-Present); Director and Senior Vice President, Resolute Acquisition, Inc. (2015-Present); Director and Senior Vice President, Resolute Investment Managers, Inc. (2015-Present); Director, Executive Vice President and Chief Operating Officer, Alpha Quant Advisors, LLC (2016-Present); Vice President, American Beacon Institutional Funds Trust (2017-Present); Director, Shapiro Capital Management, LLC (2017-Present).
Samuel J. Silver (54)	VP Since 2011	Vice President, American Beacon Advisors, Inc. (2011-Present); Vice President, American Beacon Select Funds (2011-Present); Vice President, American Beacon Mileage Funds (2011-2012); Vice President, American Beacon Master Trust (2011-2012); American Beacon Institutional Funds Trust (2011-Present).
Christina E. Sears (46)	Chief Compliance Officer since 2004 and Asst. Secretary since 1999	Chief Compliance Officer, American Beacon Advisors, Inc. (2004-Present); Chief Compliance Officer, American Private Equity Management, LLC (2012-Present); Chief Compliance Officer and Vice President, Alpha Quant Advisors, LLC (2016-Present); Chief Compliance Officer (2004-Present) and Assistant Secretary (1999-Present), American Beacon Select Funds; Chief Compliance Officer (2004-2012) and Assistant Secretary (1999-2012), American Beacon Mileage Funds; Chief Compliance Officer (2004-2012) and Assistant Secretary (1999-2012), American Beacon Master Trust; Chief Compliance Officer and Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present).
Sonia L. Bates (61)	Asst. Treasurer since 2011	Assistant Treasurer, American Beacon Advisors, Inc. (2011-Present); Assistant Treasurer, Resolute Investment Managers, Inc. (2015-Present); Assistant Treasurer, Resolute Acquisition, Inc. (2015-Present); Assistant Treasurer, Resolute Topco, Inc. (2015-Present); Assistant Treasurer, Resolute Investment Holdings, LLC.; Assistant Treasurer, Lighthouse Holdings, Inc. (2011-2015); Assistant Treasurer, Lighthouse Holdings Parent Inc. (2011-2015); Assistant Treasurer, American Private Equity Management, LLC (2012-Present); Assistant Treasurer, American Beacon Select Funds (2011-Present); Assistant Treasurer American Beacon Mileage Funds (2011-2012); Assistant Treasurer, American Beacon Master Trust (2011-2012); Assistant Treasurer, American Beacon Institutional Funds Trust (2017-Present).
Shelley D. Abrahams (43)	Assistant Secretary since 2008	Assistant Secretary, American Beacon Advisors, Inc. (2008-Present); Assistant Secretary, American Beacon Select Funds (2008-Present); Assistant Secretary, American Beacon Mileage Funds (2008-2012); Assistant Secretary, American Beacon Master Trust (2008-2012); Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present).

Trustees and Officers of the American Beacon FundsSM (Unaudited)

<u>Name, Age and Address</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>
OFFICERS (CONT.)		
	<u>Term</u>	
Rebecca L. Harris (51)	Assistant Secretary since 2010	Vice President, American Beacon Advisors, Inc. (2016-Present); Vice President, Resolute Investment Managers, Inc. (2017-Present); Vice President, Alpha Quant Advisors, LLC (2016-Present); Assistant Secretary, American Beacon Select Funds (2010-Present); Assistant Secretary, American Beacon Mileage Funds (2010-2012); Assistant Secretary, American Beacon Master Trust (2010-2012); Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present).
Diana N. Lai (42)	Assistant Secretary since 2012	Assistant Secretary, American Beacon Advisors, Inc. (2012-Present); Assistant Secretary, American Beacon Select Funds (2012-Present); Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present).
Teresa A. Oxford (59)	Assistant Secretary since 2015	Assistant Secretary, American Beacon Advisors, Inc. (2015-Present); Assistant Secretary, Alpha Quant Advisors, LLC (2016-Present); Assistant Secretary, American Beacon Select Funds (2015-Present); Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present).

* 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. Feld is deemed to be an "interested person" of the Trusts, as defined by the 1940 Act. Mr. Feld's law firm of Akin, Gump, Strauss, Hauer & Feld LLP has provided legal services within the past two fiscal years to one or more of the Trust's sub-advisors.

*** Mr. Dunning retired as of 12/31/2017. Douglas A. Lindgren became a new Trustee to each of the Trusts on 1/1/2018.

American Beacon FundsSM

Privacy Policy

December 31, 2017 (Unaudited)

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

eDelivery is NOW AVAILABLE - Stop traditional mail delivery and receive your shareholder reports and summary prospectus on-line. Sign up at www.americanbeaconfunds.com

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

To obtain more information about the Fund:



By E-mail:

american_beacon.funds@ambeacon.com



On the Internet:

Visit our website at www.americanbeaconfunds.com



By Telephone:

Call (800) 658-5811



By Mail:

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

Availability of Quarterly Portfolio Schedules

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

Availability of Proxy Voting Policy and Records

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

Fund Service Providers:

CUSTODIAN
State Street Bank and Trust
Boston, Massachusetts

TRANSFER AGENT
DST Asset Manager Solutions, Inc.
Kansas City, Missouri

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
Dallas, Texas

DISTRIBUTOR
Foreside Fund Services, LLC
Portland, Maine

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

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