

G U I D A N C E | V I S I O N | E X P E R I E N C E



Annual Report



December 31, 2009

TREASURY INFLATION PROTECTED SECURITIES 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.

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



Fellow Shareholders,

As an introduction to the American Beacon Treasury Inflation Protected Securities Fund Annual Report for the 12-month period ended December 31, 2009, please let me take a moment to tell you how pleased I am to have been serving as President and CEO of American Beacon Advisors since April 15, 2009. I consider it a privilege to hold this position, and I take its responsibilities quite seriously.

I've enjoyed a long, successful career in the investment business, and I'm no stranger to the ups and downs that markets can deliver. As a fellow investor and shareholder, I experience these trends in much the same way you do. The majority of 2008 was difficult in many ways. However, when I took the helm at American Beacon, I already had many reasons to be optimistic about what might develop in 2009. As of December 31, 2009, my optimism has been largely confirmed.

For the one-year period (as of 12/31/09), American Beacon Treasury Inflation Protected Securities Fund-Institutional Class returned 11.00%. Of course, one year of performance doesn't tell the whole story, especially when you're investing for the long term.

Many of us have long-term goals, including retirement, driving our investment decisions. While this 12-month period began amid a frightening recessionary environment, we finished the year with increasing confidence that markets have begun to stabilize, that liquidity has returned to the debt markets and that equity markets have had a substantial recovery.

I know as well as you do that maintaining a long-term perspective and doing the right thing according to your risk tolerance and time horizon is not always easy. But the professionals at American Beacon are dedicated to working hard to help investors succeed.

Just as you maintain a commitment to your goals—and to those who inspire you to create your goals—we maintain a strong commitment to due diligence and oversight. That commitment is one of the key reasons I am honored to serve as President and CEO, and pleased to be able to share my enthusiasm about the path ahead with you.

A financial advisor can be an important ally in creating investment success, so—as you review the enclosed annual report—please feel free to discuss your thoughts and concerns with a trusted advisor. And, as always, the professionals associated with the American Beacon Funds are grateful for the opportunity to serve you.

Best Regards,

Gene L. Needles, Jr.
President
American Beacon Funds

Investing in debt securities entails interest rate risk which is the risk that debt securities will decrease in value with increases in market interest rates.

Market Overview

December 31, 2009 (Unaudited)

The United States economy experienced an unusually volatile 2009. In the first quarter, the economy contracted at a 6.4% annualized rate as measured by Gross Domestic Product ("GDP"), the largest quarterly decline in economic output since the second quarter of 1980. In contrast, in the fourth quarter, the economy expanded at a positive 5.7%. Such a quarterly expansion is among the strongest quarterly growth rates of the past ten years.

The well-documented economic and financial crises led to an early-year contraction in growth. Many believe that massive monetary and fiscal stimuli are the principal contributors to the fourth quarter's strong positive performance.

Treasury yields rose in 2009, and the yield curve steepened—as longer maturity bond yields rose more than short maturity bond yields. In total, the Treasury sector generated a -3.57% total return in 2009. In contrast to the poor performance of Treasuries, corporate bonds did very well. The Barclays Capital Credit Index generated a 16.04% return in calendar year 2009. Similarly, equity markets performed well, as the S&P 500 Index rose nearly 26.5% in 2009—including a remarkable 67.8% increase from its low point in early March. Also, energy prices reversed their 2008 decline, as crude oil futures prices ended 2009 nearly 80% higher than their 2008 ending levels.

As crude oil, agricultural, and other commodities rallied in 2009, inflation—as measured by the Consumer Price Index ("CPI")—had a stable upswing, with notably higher results in the second half of the year. For example, in December, the CPI increased at a 2.7% year-over-year pace (vs. -1.4% in June), while the core CPI (CPI excluding food and energy) increased at a 1.8% year-over-year pace (vs. 1.5% in June).

Decreasing real Treasury interest rates and increasing CPI readings contributed to positive total returns for Treasury Inflation Protected Securities ("TIPS"). The Barclays Capital U.S. TIPS Index returned 11.41% in 2009, while the Intermediate (1-10 year maturity) TIPS Index returned 12.02%.

Inflation expectations as evidenced by breakeven inflation rates (the spread between similar maturity nominal and inflation-protected securities) ranged approximately 245 basis points (2.45%) from high to low in 2009. In mid December, breakevens peaked for the year at 2.45%, while in early January they troughed at 0%. At year end, 10-year breakevens were approximately 2.37%. The U.S. Treasury appears committed to the TIPS market, with \$58 billion of new supply auctioned in 2009. At year-end, the total outstanding market value of TIPS was approximately \$550 billion.

Now, the key question seems to be whether or not the U.S. economy can sustain a reasonable growth rate absent further governmental intervention. Given double-digit unemployment and significant amounts of excess capacity in the economy at the end of 2009, the prospects for future growth remain unclear. However, with the threat of inflation on the horizon, expectations are that the TIPS market remains strong.

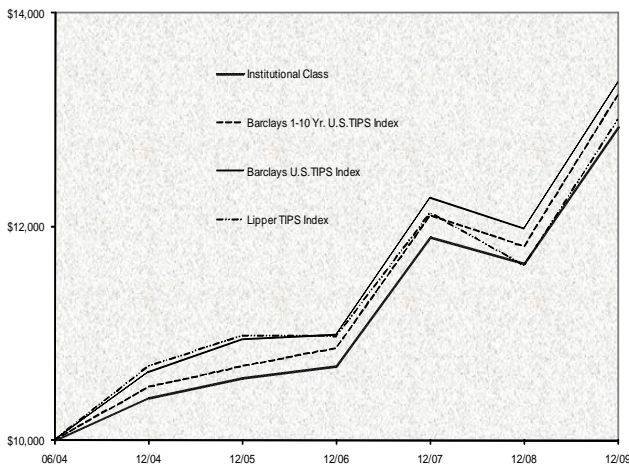
Performance Overview

American Beacon Treasury Inflation Protected Securities FundSM

December 31, 2009 (Unaudited)

The Institutional Class of the Fund returned 11.00% for the period from January 1, 2009 through December 31, 2009, trailing the Barclays Capital 1-10 Year U.S. TIPS Index (the "Index") return of 12.02% and the Lipper TIPS Index return of 11.75%.

Comparison of Change in Value
of a \$10,000 Investment
For the Period From 6/30/04 through 12/31/09



	<u>Annualized Total Returns</u> <u>Periods Ended 12/31/2009</u>			<u>Value of</u> <u>\$10,000</u> <u>6/30/04-</u> <u>12/31/09</u>
	<u>1 Year</u>	<u>5 Years</u>	<u>Since</u> <u>Inception</u> <u>6/30/04</u>	
Institutional Class(1,4, 5)	11.00%	4.47%	4.78%	\$ 12,932
Investor Class (1,2,4,5)	10.64%	4.40%	4.72%	\$ 12,891
Barclays Capital 1-10 Yr. U.S. TIPS Index(3).....	12.02%	4.74%	5.21%	\$ 13,229
Barclays Capital U.S. TIPS Index(3) ..	11.41%	4.63%	5.39%	\$ 13,349
Lipper TIPS Funds Index(3).....	11.75%	3.99%	4.88%	\$ 12,998

1. Performance shown is historical and may not be indicative of future returns. Investment returns and principal value will vary, and shares may be worth more or less at redemption than at original purchase. Performance shown is as of date indicated, and current performance may be lower or higher than the performance data quoted. To obtain performance as of the most recent month end, please visit 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.

2. Fund performance represents the total returns achieved by the Institutional Class up to 3/2/09, 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. As a result, total returns shown may be higher than they would have been had the Investor Class been in existence since 6/30/04.
3. The Barclays Capital 1-10 Yr. U.S. TIPS Index is an unmanaged market index comprising U.S. Treasury inflation-indexed securities with maturities between one and ten years while the Barclays Capital U.S. TIPS Index includes all maturities. The Lipper TIPS Funds Index tracks the results of the 30 largest mutual funds in the Lipper TIPS Fund category. Lipper is an independent mutual fund research and ranking service. One cannot directly invest in an index.
4. A portion of the fees charged to the Investor Class of the Fund was waived from its inception. A portion of the fees charged to the Institutional Class of the Fund has been waived since 2005. Performance prior to waiving fees was lower than the actual returns shown.
5. The total annual Fund operating expense ratios set forth in the most recent Fund prospectus for the Institutional and Investor Class shares was 0.29% and 0.69%, 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 produced a strong absolute return for the twelve-month time period amid rising commodity and energy prices. The Fund's underperformance relative to the Index stemmed from significant relative underperformance in January, which is attributable to a difference between the valuation policies implemented by the Fund and the Index during a period of market volatility. For the remainder of the period, the Fund outperformed the Index, but not enough to offset the January deficit and Fund expenses.

For the one-year period, the Fund maintained a duration neutral position relative to the Index, and from a yield curve positioning standpoint, the Fund was underweight the 2011-2012 and 2017 - 2019 maturities and overweight the 2013 - 2016 and 2025 - 2026 maturities. As the real yield curve steepened during the period, the Fund's concentration in shorter maturity TIPS benefited relative performance.

The Fund remains focused on investing primarily in TIPS to provide inflation protection and income to its shareholders.

Performance Overview

American Beacon Treasury Inflation Protected Securities FundSM

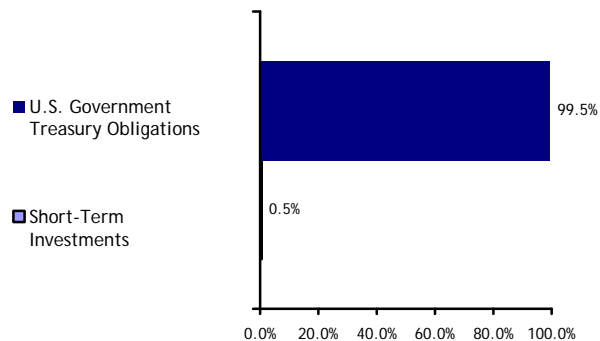
December 31, 2009 (Unaudited)

Top Ten Holdings

	<u>% of Net Assets</u>
U.S. Treasury Note, 2.000%, Due 1/15/2016 . . .	9.1%
U.S. Treasury Note, 2.375%, Due 4/15/2011 . . .	8.8%
U.S. Treasury Note, 2.000%, Due 1/15/2014 . . .	8.8%
U.S. Treasury Note, 1.625%, Due 1/15/2015 . . .	8.0%
U.S. Treasury Note, 1.875%, Due 7/15/2015 . . .	7.5%
U.S. Treasury Note, 2.625%, Due 7/15/2017 . . .	7.3%
U.S. Treasury Note, 2.000%, Due 7/15/2014 . . .	5.8%
U.S. Treasury Note, 0.625%, Due 4/15/2013 . . .	5.7%
U.S. Treasury Note, 2.500%, Due 7/15/2016 . . .	5.2%
U.S. Treasury Note, 2.125%, Due 1/15/2019 . . .	4.6%

Portfolio Diversification

	<u>% of Fixed Income</u>
A	0.0%
AA	0.0%
AAA	100.0%



Fund Expenses

American Beacon Treasury Inflation Protected Securities FundSM

December 31, 2009 (Unaudited)

Fund Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, administrative service fees, and other Fund expenses. The examples below are intended to help you understand the ongoing cost (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from July 1, 2009 through December 31, 2009.

Actual Expenses

The "Actual" line of the table provides information about actual account values and actual expenses. You may use the information in this line, 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 = 8.6), then multiply the result by the number in the first line under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. Shareholders of the Institutional Class that invest in the Fund through an IRA may be subject to a custodial IRA fee of \$12 that is typically deducted each December. If your account was subject to a custodial IRA fee during the period, your costs would have been \$12 higher.

Hypothetical Example for Comparison Purposes

The "Hypothetical" line of the table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the Fund's actual return). You may compare the ongoing costs of investing in the Fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. Shareholders of the Institutional Class that invest in the Fund through an IRA may be subject to a

custodial IRA fee of \$12 that is typically deducted each December. If your account was subject to a custodial IRA fee during the period, your costs would have been \$12 higher.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs charged by the Fund. 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" line of the table is 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.

	Beginning Account Value 7/1/09	Ending Account Value 12/31/09	Expenses Paid During Period* 7/1/09-12/31/09
Institutional Class			
Actual	\$1,000.00	\$1,054.96	\$1.50
Hypothetical (5% return before expenses)	\$1,000.00	\$1,023.74	\$1.48
Investor Class			
Actual	\$1,000.00	\$1,052.67	\$3.36
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.93	\$3.31

* Expenses are equal to the Fund's annualized expense ratios for the six-month period of 0.29% and 0.65% for the Institutional and Investor Class, 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.

American Beacon Treasury Inflation Protected Securities Fund

Report of Independent Registered Public Accounting Firm

To the Shareholders of American Beacon Treasury Inflation Protected Securities Fund
and the Board of Trustees of American Beacon Funds:

We have audited the accompanying statement of assets and liabilities of American Beacon Treasury Inflation Protected Securities Fund (a series of American Beacon Funds) (the "Fund"), including the schedule of investments, as of December 31, 2009, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2009, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of American Beacon Treasury Inflation Protected Securities Fund at December 31, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Dallas, Texas
February 26, 2010

See accompanying notes

American Beacon Treasury Inflation Protected Securities Fund

Schedule of Investments

December 31, 2009

	<u>Par Amount</u>	<u>Value</u>
	(dollars in thousands)	
U.S. TREASURY OBLIGATIONS - 98.14%		
3.50%, Due 1/15/2011	3,794	3,936
2.375%, Due 4/15/2011	13,842	14,250
3.375%, Due 1/15/2012	2,374	2,539
2.00%, Due 4/15/2012	6,690	6,991
3.00%, Due 7/15/2012	6,745	7,252
0.625%, Due 4/15/2013	9,138	9,292
1.875%, Due 7/15/2013	5,314	5,597
2.00%, Due 1/15/2014	13,387	14,157
1.25%, Due 4/15/2014	1,302	1,346
2.00%, Due 7/15/2014	8,896	9,424
1.625%, Due 1/15/2015	12,391	12,887
1.875%, Due 7/15/2015	11,503	12,120
2.00%, Due 1/15/2016	13,930	14,709
2.50%, Due 7/15/2016	7,777	8,469
2.375%, Due 1/15/2017	4,674	5,048
2.625%, Due 7/15/2017	10,733	11,803
1.625%, Due 1/15/2018	2,616	2,678
1.375%, Due 7/15/2018	4,501	4,510
2.125%, Due 1/15/2019	7,068	7,495
1.875%, Due 7/15/2019	2,121	2,202
2.375%, Due 1/15/2025	298	315
2.00%, Due 1/15/2026	517	520
3.625%, Due 4/15/2028	468	578
2.50%, Due 1/15/2029	539	578
Total U.S. Treasury Obligations		158,696
SHORT TERM INVESTMENTS - 0.46%		
JP Morgan U.S. Government Money Market Fund	736,787	737
TOTAL INVESTMENTS - 98.60% (Cost \$157,347)		159,433
OTHER ASSETS, NET OF LIABILITIES - 1.40%		2,268
TOTAL NET ASSETS - 100.00%		\$161,701

Percentages are stated as a percent of net assets.

* Inflation-Indexed Note.

See accompanying notes

American Beacon Treasury Inflation Protected Securities Fund

Statement of Assets and Liabilities

December 31, 2009 (in thousands, except share and per share amounts)

Assets:

Investments in securities, at value ^A	\$ 159,433
Dividends and interest receivable	1,305
Receivable for fund shares sold	1,045
Receivable from Manager for expense reimbursement (Note 2)	14
Prepaid expenses	9
Total assets	<u>161,806</u>

Liabilities:

Payable for fund shares redeemed	7
Management and investment advisory fees payable (Note 2)	28
Administrative service and service fees payable	21
Professional fees payable	31
Other liabilities	18
Total liabilities	<u>105</u>

Net assets	<u>\$ 161,701</u>
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Analysis of Net Assets:

Paid-in-capital	180,333
Undistributed net investment income	181
Accumulated net realized loss	(20,899)
Unrealized appreciation of investments	2,086

Net assets	<u>\$ 161,701</u>
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Shares outstanding (no par value):

Institutional Class	<u>15,341,804</u>
Investor Class	<u>579,536</u>

Net asset value, offering and redemption price per share:

Institutional Class	<u>\$ 10.16</u>
Investor Class	<u>\$ 10.13</u>

A Cost of investments in securities	\$ 157,347
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See accompanying notes

American Beacon Treasury Inflation Protected Securities Fund

Statement of Operations

For the Year Ended December 31, 2009 (in thousands)

Investment Income:	
Dividend income	\$ 1
Interest income	1,304
Total investment income	<u>1,305</u>
Expenses:	
Management and investment advisory fees (Note 2)	146
Administrative service fees (Note 2):	
Institutional Class	191
Investor Class	7
Transfer agent fees:	
Institutional Class	11
Investor Class	1
Custody and fund accounting fees	28
Professional fees	32
Registration fees and expenses	18
Service fees:	
Investor Class (Note 2)	6
Prospectus and shareholder reports	14
Trustee fees	13
Other expenses	16
Total expenses	<u>483</u>
Net fees waived and expenses reimbursed by Manager (Note 2)	(131)
Net expenses	<u>352</u>
Net investment income	<u>953</u>
Realized and unrealized gain (loss) on investments:	
Net realized gain (loss) from:	
Investments	2,896
Change in net unrealized appreciation or depreciation of:	
Investments	9,275
Net gain on investments	<u>12,171</u>
Net increase in net assets resulting from operations	<u>\$ 13,124</u>

See accompanying notes

American Beacon Treasury Inflation Protected Securities Fund

Statement of Changes in Net Assets

(in thousands)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Increase (Decrease) in Net Assets:		
Operations:		
Net investment income	\$ 953	\$ 17,700
Net realized gain (loss) on investments	2,896	(22,281)
Change in net unrealized appreciation or (depreciation) of investments	9,275	(8,833)
Net increase (decrease) in net assets resulting from operations	<u>13,124</u>	<u>(13,414)</u>
Distributions to Shareholders:		
Net investment income:		
Institutional Class	(789)	(17,654)
Investor Class	(28)	-
Net realized gain on investments:		
Net distributions to shareholders	<u>(817)</u>	<u>(17,654)</u>
Capital Share Transactions:		
Proceeds from sales of shares	82,724	406,774
Reinvestment of dividends and distributions	615	17,654
Cost of shares redeemed	(74,134)	(476,868)
Net increase (decrease) in net assets from capital share transactions	<u>9,205</u>	<u>(52,440)</u>
Net increase (decrease) in net assets	<u>21,512</u>	<u>(83,508)</u>
Net Assets:		
Beginning of period	140,189	223,697
End of Period *	<u>\$ 161,701</u>	<u>\$ 140,189</u>
*Includes undistributed net investment income of	\$ 181	\$ 45

See accompanying notes

American Beacon Treasury Inflation Protected Securities Fund

Notes to Financial Statements

December 31, 2009

1. Organization and Significant Accounting Policies

American Beacon Funds (the "Trust") is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, (the "Act") as a no load, diversified, open-end management investment company. These financial statements and notes to the financial statements relate to the American Beacon Treasury Inflation Protected Securities Fund (the "Fund"), a series of the Trust.

American Beacon Advisors, Inc. (the "Manager") is wholly-owned subsidiary of Lighthouse Holdings, Inc., and was organized in 1986 to provide business management, advisor, administration and asset management consulting services to the Trust and other investors.

Class Disclosure

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

<u>Class:</u>	<u>Offered to:</u>
Institutional Class	Investors making an initial investment of \$250,000
Investor Class	General public and investors investing through an intermediary

Administrative service fees, service fees and distribution fees vary amongst the classes as described more fully in footnote 2.

Investment income, net capital gains (losses) and all expenses incurred by the Fund are allocated based on the relative net assets of each class, except for service fees and certain other fees and expenses related solely to one class of shares.

Security Valuation

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

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

Investments in mutual funds are valued at the closing net asset value per share of the mutual fund on the day of valuation. Investment grade short-term obligations with 60 days or less to maturity are valued using the amortized cost method, which approximates market value.

Securities for which 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 of Trustees (the "Board").

Valuation Inputs

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

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

American Beacon Treasury Inflation Protected Securities Fund

Notes to Financial Statements

December 31, 2009

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 significant unobservable inputs. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The Fund's investments are summarized by level based on the inputs used to determine their values. As of December 31, 2009, the Fund's investments were classified as follows: (in thousands)

	Level 1	Level 2	Level 3	Total
U.S. Treasury Obligations	-	158,696	-	\$158,696
Short term investments.....	737	-	-	737
Total.....	737	158,696	-	\$159,433

Security Transactions and Investment Income

Security transactions are recorded on the trade date of the security purchase or sale. The Fund may purchase securities with delivery or payment to occur at a later date. At the time the Fund enters into a commitment to purchase a security, the transaction is recorded and the value of the security is reflected in the net asset value. The value of the security may vary with market fluctuations.

Dividend income is recorded on the ex-dividend date. Interest income is 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.

Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted to the rate of inflation. Interest is accrued based on the principal value, which is adjusted for inflation. Any increase in the principal amount of an inflation-indexed bond is recorded as interest income, even though principal is not received until maturity.

Dividends to Shareholders

Dividends from net investment income of the Fund normally will be declared and paid at least semi-annually. Distributions, if any, of net realized capital gains are generally paid at least annually and recorded on the ex-dividend date.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 directors are indemnified against certain liability 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 Treasury Inflation Protected Securities Fund

Notes to Financial Statements

December 31, 2009

2. Transactions with Affiliates

Management Agreement

The Trust and the Manager are parties to a Management Agreement that obligates the Manager to provide or oversee the provision of all investment advisory and portfolio management services. Investment assets of the Fund may be managed by multiple investment advisors which have entered into separate investment advisory agreements with the Manager. As compensation for performing the duties required under the Management Agreement, the Manager receives from the Fund an annualized fee equal to 0.05% of the average daily net assets plus amounts paid by the Manager to the investment advisors hired by the Manager to direct investment activities of the Fund. Management fees paid during the year ended December 31, 2009 were as follows:

<u>Management Fee Rate</u>	<u>Management Fee</u>	<u>Amount paid to Investment Sub-Advisor</u>	<u>Net Amount Retained by Manager</u>
0.15%-0.19%	\$145,994	\$81,111	\$64,883

Administrative Services Agreement

The Manager and the Trust entered into an Administrative Services Agreement which obligates the Manager to provide or oversee administrative services to the Fund. As compensation for performing the duties required under the Administrative Services Agreement, the Manager receives an annualized fee of 0.15% of the average daily net assets of the Institutional Class and 0.30% of the average daily net assets of the Investor Class of the Fund.

Service Plan

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

Investment in Affiliated Funds

The Fund may invest in the American Beacon Money Market Select Fund and the American Beacon US Government Money Market Select Fund (collectively the "Select Funds"). The Fund and the Select Funds have the same investment advisor and, therefore, are considered to be affiliated. The Manager serves as investment advisor to the Select Funds and receives from the Select Funds an annualized fee of 0.09% of the Select Funds' average daily net assets. During the year ended December 31, 2009, the Fund did not invest in the Select Funds.

Interfund Lending Program

Pursuant to an exemptive order by the Securities Exchange Commission (the "SEC"), the Fund, along with other registered investment companies having management contracts with the Manager, may participate in an interfund lending program as a borrower. This program provides an alternative credit facility allowing the Fund to borrow from other participating Funds. For the year ended December 31, 2009, the Fund did not utilize the credit facility.

American Beacon Treasury Inflation Protected Securities Fund

Notes to Financial Statements

December 31, 2009

Reimbursement of Expenses

The Manager voluntarily agreed to reimburse a portion of its Administrative Service fee for the Institutional Class and other expenses of the Investor Class. For the year ended December 31, 2009 the Manager reimbursed expenses of \$127,326 and \$3,954 for the Institutional and Investor Classes, respectively.

The Fund has adopted an Expense Reimbursement Plan whereby the Manager may seek repayment of fees waived or expenses reimbursed for a period of up to three years. However, reimbursement will occur only if the Class's average net assets have grown or expenses have declined sufficiently to allow reimbursement without causing its expense ratio to exceed the previously agreed upon contractual expense limit. The Fund has not recorded a liability for potential reimbursement, due to the current assessment that a reimbursement is unlikely.

3. Federal Income Taxes

It is the policy of the Fund to comply with the requirements of Subchapter M of the Internal Revenue Code and to distribute substantially all net investment income as well as any net realized capital gains on the sale of investments. Therefore, no federal income or excise tax provision is required.

The Fund does not have any unrecognized tax benefits in the accompanying financial statements. Each of the tax years in the four year period ended December 31, 2009 remains subject to examination by the Internal Revenue Service. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in "Other expense" on the Statement of Operations.

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

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

The tax character of distributions paid during the fiscal years ended December 31, 2009 and December 31, 2008 were as follows (in thousands):

	Institutional		Investor	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2008
Distributions paid from:				
Ordinary income*	\$ 789	\$ 17,654	\$ 28	\$ -
Tax return of capital	-	-	-	-
Total taxable distributions	\$ 789	\$ 17,654	\$ 28	\$ -

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

American Beacon Treasury Inflation Protected Securities Fund

Notes to Financial Statements

December 31, 2009

As of December 31, 2009, the components of distributable earnings on a tax basis were as follows (in thousands):

Cost basis of investments for federal income tax purposes	\$ 157,638
Unrealized appreciation	2,061
Unrealized depreciation	(266)
Net unrealized appreciation/(depreciation)	1,795
Undistributed ordinary income	182
Undistributed long-term gain/(loss)	(20,609)
Distributable earnings	\$ (18,632)

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.

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

Accordingly, the following amounts represent current year permanent differences derived from foreign currency transactions and return of capital that have been reclassified as of December 31, 2009 (in thousands):

Paid-in-capital	\$ -
Undistributed net investment income	-
Accumulated net realized gain (loss)	-
Unrealized appreciation (depreciation) of investments, futures contracts and foreign currency	-

At December 31, 2009, the capital loss carry forward positions for federal income tax purposes were (in thousands) \$144, \$974, \$111, \$14,012, and \$5,367 expiring in 2013, 2014, 2015, 2016 and 2017 respectively.

4. Investment Transactions

The aggregate cost of purchases and proceeds from sales of investments for the year ended December 31, 2009, excluding short-term investments, were \$317,947,298 and \$310,085,334, respectively. The Fund had purchases and sales of U.S. Government securities of \$317,947,298 and \$310,085,334, respectively.

5. Capital Share Transactions

The tables below summarize the activity in capital shares (dollars and shares in thousands):

Year Ended December 31, 2009

	<u>Institutional Class</u>		<u>Investor Class</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Shares sold	7,637	\$ 75,743	709	\$ 6,981
Reinvestment of dividends	58	587	3	28
Shares redeemed	(7,594)	(72,804)	(132)	(1,330)
Net increase in shares outstanding . . .	<u>101</u>	<u>\$ 3,526</u>	<u>580</u>	<u>\$ 5,679</u>

American Beacon Treasury Inflation Protected Securities Fund

Notes to Financial Statements

December 31, 2009

Year Ended December 31, 2008

	<u>Institutional Class</u>	
	<u>Shares</u>	<u>Amount</u>
Shares sold	38,729	\$ 406,774
Reinvestment of dividends	1,772	17,654
Shares redeemed	<u>(47,232)</u>	<u>(476,868)</u>
Net (decrease) in shares outstanding.	<u>(6,731)</u>	<u>\$ (52,440)</u>

6. Subsequent Events

Management has evaluated the possibility of subsequent events existing in the Fund's financial statements through February 26, 2010. Management has determined that there are no material events that would require disclosure in the Fund's financial statements through this date.

American Beacon Treasury Inflation Protected Securities Fund

Financial Highlights

(For a share outstanding throughout the period)

	Institutional Class					Investor Class
	Year Ended December 31,					March 2 to December 31, 2009 ^A
	2009 ^A	2008	2007 ^B	2006	2005	
Net asset value, beginning of period	\$ 9.20	\$ 10.18	\$ 9.53	\$ 9.75	\$ 10.16	\$ 9.25
Income from investment operations:						
Net investment income	0.06	0.80	0.45	0.29	0.56 ^C	0.14
Net gains (losses) on securities (both realized and unrealized)	0.95	(0.98)	0.59	(0.19)	(0.37)	0.79
Total income (loss) from investment operations	1.01	(0.18)	1.04	0.10	0.19	0.93
Less distributions:						
Dividends from net investment income	(0.05)	(0.80)	(0.39)	(0.29)	(0.55)	(0.05)
Distributions from net realized gains on securities	-	-	-	-	(0.05)	-
Tax return of capital	-	-	0.00 ^{D,E}	(0.03) ^D	-	-
Total distributions	(0.05)	(0.80)	(0.39)	(0.32)	(0.60)	(0.05)
Net asset value, end of period	\$ 10.16	\$ 9.20	\$ 10.18	\$ 9.53	\$ 9.75	\$ 10.13
Total return	11.00%	(2.09)%	11.22%	1.05%	1.86%	10.05% ^F
Ratios and supplemental data:						
Net assets, end of period (in thousands)	\$ 155,833	\$ 140,189	\$ 223,697	\$ 33,792	\$ 30,584	\$ 5,868
Ratios to average net assets (annualized):						
Expenses, after expense reimbursements (recoupments)	0.26%	0.25%	0.43%	0.49%	0.44%	0.65% ^G
Expenses, before expense reimbursements (recoupments)	0.36%	0.29%	0.43%	0.49%	0.39%	0.81% ^G
Net investment income, after expense reimbursements (recoupments)	0.69%	5.19%	4.74%	2.94%	5.45%	3.20% ^G
Net investment income, before expense reimbursements (recoupments)	0.59%	5.15%	4.74%	2.94%	5.50%	3.04% ^G
Portfolio turnover rate	180%	128%	139%	259%	355%	180% ^H

^A Standish Mellon Asset Management Company, LLC was added as an investment advisor on December 11, 2009.

^B Brown Brothers Harriman & Co. was removed as an investment advisor to the Treasury Inflation Protected Securities Fund on November 30, 2007.

^C Based on average shares outstanding.

^D The tax return of capital is calculated based on outstanding shares at the time of distribution.

^E Amount represents less than \$0.01 per share.

^F Not annualized.

^G Annualized.

^H Portfolio turnover rate is for the period from January 1 through December 31, 2009.

American Beacon Treasury Inflation Protected Securities Fund

Privacy Policy & Federal Tax Information

(Unaudited)

Privacy Policy

The American Beacon Funds recognizes and respects 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.

Federal Tax Information

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those in other areas of this report because of differences between tax and financial reporting requirements.

The Fund's distributions to shareholders did not include any short-term capital gains.

Of the ordinary dividends paid to shareholders during the tax year ended December 31, 2009, 100% were derived from U.S. Treasury Obligations.

Trustees and Officers of the American Beacon Funds

(Unaudited)

The Trustees and officers of the American Beacon Funds (the "Trust") are listed below, together with their principal occupations during the past five years. Unless otherwise indicated, the address of each person listed below is 4151 Amon Carter Boulevard, MD 2450, Fort Worth, Texas 76155. Each Trustee oversees nineteen funds in the fund complex that includes the Trust, the American Beacon Master Trust, the American Beacon Mileage Funds, and the American Beacon Select Funds. 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** (73)	Trustee since 1996	Sole Shareholder of a professional corporation which is a Partner in the law firm of Akin, Gump, Strauss, Hauer & Feld, LLP (1960-Present); Director, Clear Channel Communications (1984-2008); Trustee, CenterPoint Properties (1994-2006); Member, Board of Trustees, Southern Methodist University ; Member, Board of Visitors, M.D. Anderson Hospital; Board of Visitors, Zale/Lipshy Hospital; Trustee, American Beacon Mileage Funds (1996-Present); Trustee, American Beacon Select Funds (1999-Present)
NON-INTERESTED TRUSTEES		
	<u>Term</u>	
W. Humphrey Bogart (65)	Trustee since 2004	Board Member, Baylor University Medical Center Foundation (1992-2004); Consultant, New River Canada Ltd. (mutual fund servicing company) (1998-2003); President and CEO, Allmerica Trust Company, NA (1996-1997); President and CEO, Fidelity Investments Southwest Company (1983-1995); Senior Vice President of Regional Centers, Fidelity Investments (1988-1995); Trustee, American Beacon Mileage Funds (2004-Present); Trustee, American Beacon Select Funds (2004-Present)
Brenda A. Cline (49)	Trustee since 2004	Executive Vice President, Chief Financial Officer, Treasurer and Secretary, Kimbell Art Foundation (1993-Present); Trustee, Texas Christian University (1998-Present); Trustee, W.I. Cook Foundation, Inc. (d/b/a Cook Children's Health Foundation) (2001-2006); Director, Christian Church Foundation (1999-2007); Trustee, American Beacon Mileage Funds (2004-Present); Trustee, American Beacon Select Funds (2004-Present)
Eugene J. Duffy (55)	Trustee since 2008	Principal and Executive Vice President, Paradigm Asset Management (1994-Present); Director, Sunrise Bank of Atlanta (2008-Present); Chairman, Special Contributions Fund Board of Trustees, National Association for the Advancement of Colored People (2007-Present); Trustee, National Association for the Advancement of Colored People (2000-Present); Board of Visitors, Emory University (2006-Present); Trustee, Atlanta Botanical Garden (2006-Present); Board Member, Willie L. Brown Jr. Institute on Politics and Public Service (2001-Present); Chair, National Association of Securities Professionals (2000-2002); Deputy Chief Administrative Officer, City of Atlanta (1985-1990); Trustee, American Beacon Mileage Funds (2008-Present); Trustee, American Beacon Select Funds (2008-Present)

Trustee and Officers of the American Beacon Funds

(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>
NON-INTERESTED TRUSTEES (CONT.)		
Thomas M. Dunning (67)	Trustee since 2008	Consultant, (2008-Present); Chairman (1998-2008) and Chief Executive Officer (1998-2007), Lockton Dunning Benefits (consulting firm in employee benefits); Director, Oncor Electric Delivery Company LLC (2007-Present); Board Member, Baylor Health Care System Foundation (2007-Present); Vice Chair, State Fair of Texas (1987-Present); Board Member, Southwestern Medical Foundation (1994-Present); Board Member, John Tower Center for Political Studies/SMU (2008-Present); Board Member, University of Texas Development Board (2008-Present); Trustee, American Beacon Mileage Funds (2008-Present); Trustee, American Beacon Select Funds (2008-Present)
Richard A. Massman (66)	Trustee since 2004 Chairman since 2008	Consultant and General Counsel Emeritus (2009-Present), Senior Vice President and General Counsel (1994-2009), Hunt Consolidated, Inc. (holding company engaged in oil and gas exploration and production, refining, real estate, farming, ranching and venture capital activities); Chairman (2007-Present) and Director (2005-Present), The Dallas Opera Foundation; Chairman (2006-2009) and Director (2005-Present), Temple Emanu-El Foundation; Trustee, Presbyterian Healthcare Foundation (2006-Present); Trustee, American Beacon Mileage Funds (2004-Present); Trustee, American Beacon Select Funds (2004-Present)
R. Gerald Turner (64) 225 Perkins Admin. Bldg. Southern Methodist Univ. Dallas, Texas 75275	Trustee since 2001	President, Southern Methodist University (1995-Present); Director, ChemFirst (1986-2002); Director, J.C. Penney Company, Inc. (1996-Present); Director, California Federal Preferred Capital Corp. (2001-2003); Director, Kronus Worldwide Inc. (chemical manufacturing) (2003-Present); Director, First Broadcasting Investment Partners, LLC (2003-2007); Member, Salvation Army of Dallas Board of Directors; Member, Methodist Hospital Advisory Board; Co-Chair, Knight Commission on Intercollegiate Athletics; Trustee, American Beacon Mileage Funds (2001-Present); Trustee, American Beacon Select Funds (2001-Present)
Paul J. Zucconi, CPA (68)	Trustee since 2008	Director, Affirmative Insurance Holdings, Inc. (producer of nonstandard automobile insurance) (2004-present); Director, Titanium Metals Corporation (producer of titanium melted and mill products and sponge) (2002- present); Director, Torchmark Corporation (life and health insurance products) (2002-present); Director, National Kidney Foundation serving North Texas (2003-Present); Director, Dallas Chapter of National Association of Corporate Directors (2004-Present); Partner, KPMG (1976-2001); Trustee, American Beacon Mileage Funds (2008-Present); Trustee, American Beacon Select Funds (2008-Present)

OFFICERS

	<u>Term</u>	
	One Year	
William F. Quinn (62)	Executive Vice President from 2007 to 2008 and 2009 to Present President from 1987 to 2007 Trustee from 1987 to 2008	Executive Chairman (2009-Present), Chairman (2006-2009) CEO (2006-2007), President (1986-2006) and Director (2003-Present), American Beacon Advisors, Inc.; Chairman (1989-2003) and Director (1979-1989, 2003-Present), American Airlines Federal Credit Union; Director Hicks Acquisition I, Inc. (2007-2009); Director, Crescent Real Estate Equities, Inc.(1994-2007); Director, Pritchard, Hubble & Herr, LLC (investment advisor) (2001-2006); Director of Investment Committee, Southern Methodist University Endowment Fund (1996-Present); Member, Southern Methodist University Cox School of Business Advisory Board (1999-2002); Member, New York Stock Exchange Pension Manager Committee (1997-1998, 2000-2002, 2006-Present); Vice Chairman (2004-2007) and Chairman (2007-Present), Committee for the Investment of Employee Benefits; Director, United Way of Metropolitan Tarrant County (1988-2000, 2004-Present); Trustee (1995-2008) and President (1995-2007, 2008-Present), American Beacon Mileage Funds; Trustee (1999-2008) and President (1999-2007, 2008-Present) American Beacon Select Funds; Director American Beacon Global Funds SPC (2002-Present); Director, American Beacon Global Funds, plc (2007-2009)

Trustees and Officers of the American Beacon Funds

(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>
Gene L. Needles, Jr. (55)	President since 2009 Executive Vice President 2009	President, CEO and Director (2009-Present), American Beacon Advisors, Inc.; President (2008-2009), Touchstone Investments; President (2003-2007), CEO (2004-2007), Managing Director of Sales (2002-2003), National Sales Manager (1999-2002), and Regional Sales Manager (1993-1999), AIM Distributors
Rosemary K. Behan (51)	VP, Secretary and Chief Legal Officer since 2006	Vice President, Legal and Compliance, American Beacon Advisors, Inc. (2006-Present); Assistant General Counsel, First Command Financial Planning, Inc. (2004-2006); Attorney, Enforcement Division, Securities and Exchange Commission (1995-2004)
Brian E. Brett (49)	VP since 2004	Vice President, Director of Sales and Marketing, American Beacon Advisors, Inc. (2004-Present); Regional Vice President, Neuberger Berman, LLC (investment advisor) (1996-2004)
Wyatt Crumpler (43)	VP since 2007	Vice President, Asset Management, American Beacon Advisors, Inc. (2007-Present); Managing Director of Corporate Accounting (2004-2007), Director of IT Strategy and Finance (2001-2004), American Airlines, Inc.
Michael W. Fields (55)	VP since 1989	Vice President, Fixed Income Investments, American Beacon Advisors, Inc. (1988-Present); Director American Beacon Global Funds SPC (2002-Present); Director, American Beacon Global Funds plc (2007-2009)
Melinda G. Heika (48)	Treasurer since 2010	Vice President, Finance & Accounting (2010-Present), Controller (2005-2009), Assistant Controller (1998-2004), American Beacon Advisors, Inc.
Terri L. McKinney (46)	VP since 2010	Vice President, Enterprise Services (2009-Present), Managing Director (2003-2009), Director of Marketing & Retail Sales (1996-2003), American Beacon Advisors, Inc.; Vice President, Board of Trustees (2008-Present), Trustee (2006-2008) Down Syndrome Guild of Dallas
Jeffrey K. Ringdahl (34)	VP since 2010	Chief Operating Officer, American Beacon Advisors, Inc. (2010-Present); Vice President, Product Management, Touchstone Advisors, Inc. (2007-2010); Senior Director, Business Integration, Fidelity Investments (2005-2007)
Christina E. Sears (38)	Chief Compliance Officer since 2004 and Asst. Secretary since 1999	Chief Compliance Officer (2004-Present) and Senior Compliance Analyst (1998-2004), American Beacon Advisors, Inc.

* The Board has 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 72, provided, however, that the Board may determine to grant one or more annual exemptions to this requirement.

** Mr. Feld is deemed to be an "interested person" of the Trust, 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 the Manager and one or more of the Trust's sub-advisors.



Delivery of Documents

To reduce expenses, your financial institution may mail only one copy of the Prospectus, Annual Report and Semi-Annual Report to those addresses shared by two or more accounts. If you wish to receive individual copies of these documents, please contact your financial institution. Delivery of individual copies will commence thirty days after receiving your request.

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 Room, 450 Fifth Street, NW, Washington, DC 20549. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling 1-800-SEC-0330. A complete schedule of the Fund's portfolio holdings is also available on the Funds' website (www.americanbeaconfunds.com) approximately thirty 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

Boston Financial Data Services
Kansas City, Missouri

INDEPENDENT REGISTERED

PUBLIC ACCOUNTING

FIRM
Ernst & Young LLP
Dallas, Texas

DISTRIBUTOR

Foreside Fund Services, LLC
Portland, Maine

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