Q3 | 2021

AMG Beutel Goodman International Equity Fund[1]

COMMENTARY

ASSET CLASS | INTERNATIONAL EQUITY

Class N | APINX   Class I | APCTX   Class Z | APCZX

BEUTEL GOODMAN Investment Counsel

Average Annual Returns (%)[2] (as of 09/30/21)

	Q3	YTD	1 yr	3 yr	5 yr	Since Incpt
APINX (Class N)	-3.25	7.30	31.66	5.13	6.56	4.45[3]
APCTX (Class I)	-3.24	7.59	31.98	5.43	6.84	4.75[3]
APCZX (Class Z)	-3.25	7.61	32.21	5.54	—	4.16[4]
MSCI EAFE Index	-0.45	8.35	25.73	7.62	8.81	5.29[3]

APINX (Class N) Expense Ratio (Gross/Net)[5]: 1.22%/1.16%
APCTX (Class I) Expense Ratio (Gross/Net)[5]: 0.92%/0.86%
APCZX (Class Z) Expense Ratio (Gross/Net)[5]: 0.82%/0.76%

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Portfolio may be lower or higher than the performance quoted. For performance information through the most recent month end, please call 800.835.3879 or visit our website at amgfunds.com. From time to time the advisor has waived fees or reimbursed expenses, which may have resulted in higher returns.

The **AMG Beutel Goodman International Equity Fund** (Class N) returned -3.25% during the third quarter, trailing the -0.45% return for the MSCI EAFE Index. For the 12 months ending September 30, 2021, the Fund returned 31.66%, compared with a return of 25.73% for the Index.

Investment Results

Amid rising concerns around the spread of the COVID-19 Delta variant, inflation stemming partly from global supply-chain issues, and the beginning of a shift in stance by central banks around the withdrawal of stimulus measures, the MSCI EAFE (Net) declined -0.45%. The strongest-performing sectors were energy, information technology, and financials, while the weakest included materials, utilities, and communication services.

Against this backdrop, the Fund underperformed the benchmark over the period. From a relative perspective, stock selection in the energy, industrials and information technology sectors as well as an overweight to and stock selection in the consumer staples sector were the primary detractors. This was partially offset by both an overweight to and stock selection in the health care sector, as well as stock selection in communication services and a relative underweight to consumer discretionary.

The main contributors on an absolute-return basis included Shionogi & Co. Ltd., Merck KGaA, and dormakaba Holding AG. Shionogi reported positive financial results and has recently been trying to develop a COVID-19 vaccine. The company has a core strength in treating infectious diseases, such as HIV and influenza, and while we would not count on this being a major growth driver given the company's late move into a COVID-19 treatment, this is an area the company knows very well. Merck rose on strong second-quarter results, and management's increase in full-year guidance. Top-line sales recovered strongly in the quarter from the previous year's COVID-impacted results and Merck's primary segments, Healthcare Pipeline, Process Solutions, and Semiconductor Solutions, all demonstrated strong organic sales growth as the company returns to a more normal operating environment. Full-year results that saw positive organic sales and a dividend increase contributed to dormakaba's outperformance in the quarter. The company also announced it will be selling its European glass wall business and made acquisitions in both Australia and India.

The most significant detractors on an absolute basis included ITV plc, Smith & Nephew plc, and Carlsberg A/S. ITV shares lagged the market despite overall strong results as the Studios segment is still suffering from higher costs associated with physical-distancing guidelines and other safety protocols required on sets. Overall margins improved and the company will be reintroducing a prorated dividend for the rest of the year, barring further lockdowns in the U.K. Smith & Nephew plc's second-quarter results continued to

[1] As of March 19, 2021, the Fund's subadvisor was changed to Beutel, Goodman & Company Ltd. Prior to March 19, 2021, the Fund was known as the AMG Managers Pictet International Fund, and had different principal investment strategies and corresponding risks. Performance shown for periods prior to March 19, 2021, reflects the performance and investment strategies of the Fund's previous subadvisor, Pictet Asset Management Limited. The Fund's past performance would have been different if the Fund were managed by the current subadvisor and strategy, and the Fund's prior performance record might be less pertinent for investors considering whether to purchase shares of the Fund.

[2] Returns for periods less than one year are not annualized.
[3] Since the inception of the Fund's Class N and Class I shares on April 14, 2014.
[4] Since the inception of the Class Z shares on September 29, 2017.
[5] The Fund's Investment Manager has contractually agreed, through March 1, 2023, to limit fund operating expenses. The net expense ratio reflects this limitation, while the gross expense ratio does not. Please refer to the Fund's Prospectus for additional information on the Fund's expenses.

demonstrate the impact of the pandemic, as both supply-chain issues and continued delays in elective procedures in countries like Japan and Australia hinder the company in the short term. Carlsberg's fiscal semi-annual results were also affected by COVID-related lockdown restrictions around the world. Despite that, the company's profits are recovering toward 2019 pre-pandemic levels and it has both grown its dividend and bought back shares.

Activity

During the quarter, the share prices of Compagnie Générale des Établissements Michelin SCA and Merck KGaA reached our targets, and as a result we conducted process-driven one-third sales in those positions. We also trimmed our weight in Hakuhodo DY Holdings Inc. We subsequently fully exited our position in Merck, as well as in EssilorLuxottica SA.

We added to our existing positions in Atea ASA, dormakaba, Smiths Group plc, Essity AB, Henkel AG & Co KGaA, Konecranes Abp, GlaxoSmithKline plc, Roche Holding AG, Shionogi & Co Ltd, TGS-NOPEC Geophysical Company ASA, Smith & Nephew plc, and Ampol Ltd.

Outlook

The market is in uncharted territory. History is currently not repeating or rhyming well with past scenarios in terms of understanding the COVID-driven downturn and the dramatic rebound out of it. There are no guideposts for where we go from here. This uncertainty is creating a market dynamic of indecisiveness (as to where economies and markets are heading) and confusion (as to which path—strong secular growth or cyclical rebound—to bet on). The indecisiveness is leading to fear of change, with investors resorting to what worked in the recent past: i.e., buying "secular growth" stocks no matter what the valuations imply for future growth and returns. The confusion around where we go from here is leading to investors trying to balance the "buy growth at any price" path with "buy inflation protection" (disguised as "value" investing) path.

The growth versus value tug-of-war that has played out over the last few quarters is less "growth versus value" than "growth versus low quality." In our view, balancing valuation risk by adding quality risk is not a good recipe for long-term downside protection or capital appreciation. Quite the opposite, in fact. Bad businesses that look cheap can be the most expensive stocks in the market given their propensity to add limited value over the long term.

The inflation-protection shift we're seeing is in the form of buying deep cyclicals and leveraged financials that typically carry lower returns, have weaker balance sheets and have shown in the past the miraculous ability to cut sacred dividends during market and/or economic downturns (i.e., much-lower-quality businesses). In the growth versus inflation protection tug-of-war that has driven up the market, what we view as value has for the most part been ignored. This has led to underperformance in our portfolios over the last few quarters—but outstanding long-term investment opportunities, as what we view as great franchises get mispriced.

Although broadly speaking we believe the market is quite expensive, our portfolios are full of great investment opportunities trading at deep discounts to our calculations of their intrinsic value. As the market has risen, we have been busy executing one-third sales and full sales of stocks that have touched or surpassed our target prices. We have had no problems recycling these funds into other gems in our portfolios that have trailed off over recent quarters and into new opportunities where we believe "misguided hate" has created compelling entry points. We are excited about the opportunities we are seeing to protect capital and deliver capital appreciation over the long term.

The views expressed represent the opinions of Beutel, Goodman & Company Ltd. as of September 30, 2021, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

Top Ten Holdings (%)[6] (as of 09/30/21)

Holding	% of Net Assets
Shionogi & Co Ltd	5.67
Ampol Ltd	5.05
Smiths Group PLC	4.99
dormakaba Holding AG	4.90
Atea ASA	4.74
Koninklijke KPN NV	4.69
GlaxoSmithKline PLC	4.53
Konecranes Oyj, Class A	4.43
Carlsberg AS	4.29
Roche Holding AG	4.25
TOTAL %	47.54

[6] Mention of a specific security should not be considered a recommendation to buy or a solicitation to sell that security. Holdings are subject to change.

Disclosure

Investors should carefully consider the fund's investment objectives, risks, charges, and expenses before investing. For this and other information, please call 800.835.3879 or download a free prospectus. Read it carefully before investing or sending money.

Past performance is no guarantee of future results.

The Fund is subject to the risks associated with investments in emerging markets, such as erratic earnings patterns, economic and political instability, changing exchange controls, limitations on repatriation of foreign capital, and changes in local governmental attitudes toward private investment, possibly leading to nationalization or confiscation of investor assets.

Investments in international securities are subject to certain risks of overseas investing including currency fluctuations and changes in political and economic conditions, which could result in significant market fluctuations. These risks are magnified in emerging markets.

The Fund is subject to risks associated with investments in mid-capitalization companies such as greater price volatility, lower trading volume, and less liquidity than the stocks of larger, more established companies.

The Fund is subject to risks associated with investments in small-capitalization companies, such as erratic earnings patterns, competitive conditions, limited earnings history, and a reliance on one or a limited number of products.

Market prices of investments held by the Fund may fall rapidly or unpredictably due to a variety of economic or political factors, market conditions, disasters or public health issues, or in response to events that affect particular industries or companies.

A greater percentage of the Fund's holdings may be focused in a smaller number of securities, which may place the Fund at greater risk than a more diversified fund.

The Fund invests in large-capitalization companies that may underperform other stock funds (such as funds that focus on small- and medium-capitalization companies) when stocks of large-capitalization companies are out of favor.

Companies that are in similar industry sectors may be similarly affected by particular economic or market events; to the extent the Fund has substantial holdings within a particular sector, the risks associated with that sector increase.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. Please go to msci.com for the most current list of countries represented by the index.

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Unlike the Fund, indices are unmanaged, are not available for investment, and do not incur expenses.

Any sectors, industries, or securities discussed should not be perceived as investment recommendations. Any securities discussed may no longer be held in the Fund's portfolio. It should not be assumed that any of the securities transactions discussed were or will prove to be profitable, or that the investment recommendations we make in the future will be profitable.

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