AMG Managers Brandywine Fund

COMMENTARY

ASSET CLASS | ALL CAP

Class I | BRWIX

FRIESS ASSOCIATES
TIME TESTED • RESEARCH FOCUSED

Average Annual Returns (%)[1] (as of 09/30/20)

	Q3	YTD	1 yr	3 yr	5 yr	10 yr	Since Incpt[2]
BRWIX (Class I)	9.16	9.48	18.95	12.25	12.74	11.07	10.34
Russell 3000® Growth Index	12.86	23.00	36.12	20.73	19.51	16.91	–
Russell 3000® Index	9.21	5.41	15.00	11.65	13.69	13.48	10.64
S&P 500® Index	8.93	5.57	15.15	12.28	14.15	13.74	–

BRWIX (Class I) Expense Ratio (Gross/Net): 1.10%/1.10%

The performance data shown represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and the 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. 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 Managers Brandywine Fund** (Class I) returned 9.16% for the third quarter 2020, compared with a 12.86% return for its benchmark, the Russell 3000® Growth Index. For the quarter, the S&P 500® Index and the Russell 3000 Index returned 8.93% and 9.21%. For the 12-month period ended September 30, 2020, the Fund returned 18.95%, compared with a 36.12% return for its benchmark. Over the same period, the S&P 500 Index and the Russell 3000 Index returned 15.15% and 15.00%.

Stocks extended their climb in the September quarter, continuing a dramatic rise from the Covid-crisis depths reached in March. Mirroring the market's response in the spring, investor confidence in the recovery outweighed concerns about lingering risks posed by the ongoing pandemic.

Investors saw reason for optimism in the first couple months of the September quarter, including better-than-expected job gains and optimism that Congress would provide additional economic stimulus. Second-quarter earnings results appeared to contribute to confidence, with more than two-thirds of the companies in the S&P 500 Index reporting earnings above the mean estimate.

Technology played a central role in keeping the wheels of commerce turning despite the limitations related to the outbreak. Housing also emerged as a significant bright spot, with low rates spurring robust increases in housing starts and existing home sales. Excitement surrounding these trends helped propel major indexes to record highs in August. It turned out to be the best August for the S&P 500 Index in more than three decades.

Things changed in September. Lacking evidence of any tangible progress, investors viewed the prospect of an agreement being reached regarding a new round of stimulus for the economy before upcoming elections as increasingly dim. Volatility rose as the market changed direction. Leaders to the upside, namely technology companies, led the market lower as investors challenged their previous assumptions.

Despite the drama late in the period, the three months through September represented a broadly positive period for stocks.

Attribution Summary

Every economic sector represented in the portfolio, save a small decline in consumer staples, gained ground.

Technology holdings comprised the largest percentage of assets and contributed the most to September-quarter performance. Semiconductor holdings were top performers amid expectation-beating earnings results.

Enphase Energy, which makes microinverter systems used in solar energy applications, exceeded June-quarter estimates by 23 percent. The company also announced that it initiated shipments of a new battery storage system product. Advanced Micro Devices beat June-quarter expectations with earnings per share of $0.18, up from $0.08 in the year-ago period. Results showed that the company captured market share in processors used in the desktop, notebook and server markets.

Other standout performers from the technology sector included Corning, Salesforce.com and The Trade Desk. Still, technology was the biggest detractor from performance relative to the Russell 3000 Growth Index.

[1] Returns for periods less than one year are not annualized.

[2] Since the inception of the Fund on December 30, 1985.

Consumer discretionary holdings, including Amazon and Chewy, were the second biggest contributors to absolute return. Both companies thrived as their online business models proved to be well-suited for pandemic conditions. Revenue for Amazon and Chewy grew 40 and 47 percent, respectively, in their most recently reported quarters. As a group, however, consumer discretionary holdings trailed the sector within the benchmark, making it the second biggest relative performance detractor.

Industrial holdings were the third biggest contributors to absolute performance and the most pronounced positive influence on relative results. Generac Holdings was a notable contributor as the work-from-home trend helped drive a 30 percent increase in sales of the company's residential standby generators. Reservations early in the pandemic about the outlook for turf equipment prompted analysts to be overly conservative regarding Toro Co., which exceeded June-quarter estimates by 50 percent on strength driven by rises in golf course usage and residential lawncare.

There were fewer holdings that declined than usual in the mostly positive environment of the September quarter, and most declines were relatively modest. Sabre Corp. and Ciena Corp. were exceptions.

June-quarter results for Sabre, which provides various technology solutions to the travel industry, showed that it was too early to take fledgling signs of improvement in tourism as evidence of a broader trend. As for Ciena, a networking infrastructure provider, solid results in its July-quarter earnings report didn't signify full emergence from pandemic-related problems. The company reported conservative spending trends among customers and restrictions in India were likely to fuel uncertainty in coming quarters.

The views expressed represent the opinions of Friess Associates, LLC, as of September 30, 2020, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

Top Ten Holdings (%)[3] (as of 09/30/20)

Holding	% of Net Assets
Tandem Diabetes Care Inc	4.90
Amazon.com Inc	4.67
Facebook Inc, Class A	2.86
Adobe Inc	2.65
Generac Holdings Inc	2.37
Enphase Energy Inc	2.36
Salesforce.com Inc	2.28
SVMK Inc	2.25
Corning Inc	2.25
Activision Blizzard Inc	2.23
TOTAL %	28.82

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

The Fund invests in growth stocks, which may be more sensitive to market movements because their prices tend to reflect future investor expectations rather than just current profits. Growth stocks may underperform value stocks during given periods.

Active and frequent trading of a fund may result in higher transaction costs and increased tax liability.

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 Market

[3] 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.

Companies that are in similar businesses 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.

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.

The Russell 3000® Growth Index measures the performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 3000® Index is composed of the 3,000 largest U.S. companies as measured by market capitalization and represents about 98% of the U.S. stock market.

The Russell Indices are trademarks of the London Stock Exchange Group companies.

The S&P 500® Index is capitalization-weighted index of 500 stocks. The S&P 500 Index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Unlike the Fund, the 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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