

Class N | SKSEX

Class I | SKSIX

Class Z | SKSZX

Skyline Asset Management, L.P.

Average Annual Returns (%)^{1,2} (as of 06/30/17)

	QTD	YTD	1 yr	3 yr	5 yr	10 yr	Since Incpt.
SKSEX (Class N)	1.11	1.55	23.26	5.94	15.70	7.52	12.10 ³
SKSIX (Class I)	1.17	—	—	—	—	—	-0.87 ⁴
SKSZX (Class Z)	1.18	—	—	—	—	—	-0.85 ⁴
Russell 2000 [®] Value Index	0.67	0.54	24.86	7.02	13.39	5.92	—
Russell 2000 [®] Index	2.46	4.99	24.60	7.36	13.70	6.92	9.05 ³

SKSEX (Class N) Expense Ratio (Gross/Net)⁵: 1.19%/1.18%

SKSIX (Class I) Expense Ratio (Gross/Net)⁵: 1.04%/1.03%

SKSZX (Class Z) Expense Ratio (Gross/Net)⁵: 0.94%/0.93%

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 www.amgfunds.com. From time to time the advisor has waived fees or reimbursed expenses, which may have resulted in higher returns.

The **AMG Managers Skyline Special Equities Fund** (N Class) generated a 1.11% return for the second quarter of 2017, compared with a 2.46% return for the Russell 2000[®] Index and a 0.67% return for the Russell 2000[®] Value Index. For the 12-month period ended June 30, 2017, the Fund returned 23.26%, while the Russell 2000[®] Index returned 24.60% and the Russell 2000[®] Value Index returned 24.86%.

Overview

During the second quarter, most sectors of the small-cap markets rose, although commodity-oriented and consumer staples stocks were weak. Trends were more mixed for the first half of the year, with financials posting negative returns, along with the sectors that performed poorly in the second quarter.

The Fund underperformed the Russell 2000[®] Index during the second quarter and first six months of the year, but outperformed the Russell

2000[®] Value Index during both periods. Growth stocks significantly outperformed value stocks during both time frames. When that occurs, the Fund typically has performed better against the value index than it does the core Russell 2000[®] Index.

Market Review

Stocks rose during the second quarter, as indicated by the Russell 2000[®] Index's 2.5% increase, the 0.7% return generated by the Russell 2000[®] Value Index, and the S&P 500[®] Index's 3.1% increase. The solid second-quarter performance helped drive year-to-date gains of 5% for the Russell 2000[®] Index, 0.5% for the Russell 2000[®] Value Index and 9.3% for the S&P 500[®] Index.

Stock price gains were fairly broad based during the second quarter and year to date, with most sectors generating positive returns. Bucking the trend were commodity-oriented sectors, which responded negatively to lower oil prices. In addition, consumer staples stocks declined, in part due to fears that Amazon's announced acquisition of Whole Foods Markets would pressure profits for grocery retailers and their suppliers. Financial stocks posted modest gains in the second quarter, but were down for the first six months of the year as they gave back some of their strong postelection gains.

Small-cap growth stocks significantly outperformed small-cap value stocks during the second quarter and first six months of the year, as indicated by the Russell 2000[®] Growth Index's 4.4% quarterly and 10% year-to-date gains, and the Russell 2000[®] Value Index's 0.7% and 0.5% gains over the same time frames. Health care stocks, biotech in particular, were among the best performers over both periods and carry a significantly higher weighting in the growth index.

Large-cap stocks outperformed small-cap stocks for the first six months of the year, with most of that outperformance occurring in the first quarter. Small-cap stocks meaningfully outperformed large-cap stocks in late 2016 following the U.S. presidential election, as they were thought to be likely the biggest beneficiaries of the new administration's policy proposals. Large-cap stocks regained much of that lost ground in the first quarter as investors reassessed the likelihood that the new administration's policies would be implemented in a timely manner.

Fund Review

The Fund generated a 1.1% return for the second quarter, compared with a 2.5% return for the Russell 2000[®] Index and a 0.7% return for the Russell 2000[®] Value Index. Year to date, the Fund is up 1.6%, versus 5% for the Russell 2000[®] Index and 0.5% for the Russell 2000[®] Value Index. The Fund is constructed to own stocks with what we believe are the best combination of value and earnings growth. Therefore, it does not own the fastest-growing small-cap stocks, which typically carry high price/earnings ratios (P/Es), that make up a portion of the core Russell 2000[®] Index. When growth stocks significantly outperform, as they have so far in 2017, performing well relative to the core index is challenging. At the same time, because we do incorporate a growth component into our

¹ Returns for periods greater than one year are annualized.

² Prior to February 27, 2017, the Fund's N shares were known as S shares.

³ Since the inception of the Fund's Class N shares on April 23, 1987.

⁴ Since the inception of the Fund's Class I and Z shares on February 24, 2017.

⁵ The Fund's Investment Manager has contractually agreed, through at least May 1, 2019, 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.

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investment philosophy, the Fund has tended to perform better than the value benchmark when growth stocks have outperformed.

The Fund underperformed the Russell 2000® Index for the second quarter and first six months of the year. Although sector allocation was essentially neutral, weightings in certain subsectors adversely impacted relative performance. Within the consumer discretionary sector, the Fund was overweight the poorly performing retail subsector and underweight the strongly performing consumer services subsector. In addition, a low weighting in the strongly performing biotech subsector of the health care sector also detracted from performance.

The Fund outperformed the Russell 2000® Value Index during the second quarter and year to date, due primarily to sector allocation. Lack of exposure to the poorly performing energy sector and an overweight in the strongly performing industrials sector contributed to relative performance versus the small-cap value benchmark.

The information-technology sector was the biggest contributor to the Fund's absolute performance for the second quarter and year to date, due to its heavy weighting in the Fund and solid absolute price performance. WNS (Holdings) Limited, a business-process outsourcing firm, posted solid gains after delivering better-than-expected earnings results and providing an upbeat outlook. WNS has significant exposure to customers in Great Britain, and the stock suffered a sharp decline in mid-2016 following the Brexit vote. Our analysis indicated that the company would continue to grow earnings despite Brexit-related impacts, so we added to our position at that time. This is a good example of how we seek to take advantage of "headline risk," that is, the tendency for market participants to react to macro events instead of digging deeper into company-specific fundamentals.

The materials sector of the Fund also performed well, posting solid absolute and relative returns. Ferro Corporation, a specialty-chemicals producer, performed well, reflecting the company's transition away from commodities to more value-added products.

The financials sector detracted most from the Fund's second-quarter performance, due primarily to weakness at Greenhill & Co., Inc., an independent investment bank. Greenhill's first-quarter earnings disappointed, as several large deals closed after the quarter ended. We believe the company's outlook remains solid despite the near-term earnings setback.

The consumer discretionary sector detracted most from the Fund's absolute performance for the first six months of the year, due primarily to our relatively heavy weighting in retail stocks. Given the headwinds facing traditional brick-and-mortar retailers, we have reduced our exposure there to only our highest-conviction holdings.

Outlook

In our view, the risk/reward for equities appears balanced. Valuations are toward the higher end of their historical range, creating risk to the downside if earnings disappoint. However, we believe the outlook for

earnings is favorable, leading to the potential for stock price gains if those expectations are achieved.

Small-cap stocks continue to trade toward the high end of their historical valuation range. We believe current valuations are in part a reflection of the low returns available on alternative investments like bonds in a low-interest-rate environment. However, the Federal Reserve has begun to gradually raise their target interest rate, believing that the economy is healthy enough to withstand a less accommodating monetary policy. If the Fed's move results in meaningfully higher interest rates throughout the economy, equity valuations may not look as attractive relative to bonds.

Current valuations are also supported by an improved outlook for corporate profits. The backdrop is favorable for earnings growth, as indicated by the Fed's confidence that the economy is healthy enough to absorb gradual rate hikes. In addition, economic activity outside the U.S. is expected to accelerate this year after a lackluster 2016. The modest earnings recession experienced by U.S. companies beginning in early 2015 appears to have ended in the second half of last year, providing positive momentum entering this year.

We believe the fundamentals of the companies in the Fund remain solid, and their valuations are attractive relative to the typical small-cap company. Because of our focus on finding the best combination of above-average earnings growth and below-average valuations, the Fund tends to be somewhat more economically sensitive than its benchmarks. We believe the Fund is well positioned to take advantage if earnings improve as we expect.

The views expressed represent the opinions of the Skyline Asset Management, L.P., as of June 30, 2017, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

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Top Ten Holdings (%)⁶ (as of 06/30/17)

Company	% of Net Assets
Children's Place Inc	2.57
First Busey Corp	2.29
Manpowergroup Inc	2.27
CBIZ Inc	2.18
Ferro Corp	2.07
Realogy Holdings Corp	1.99
BMC Stock Holdings Inc	1.99
NN Inc	1.97
Infinity Property & Casualty Corp	1.94
BancorpSouth Inc	1.93
TOTAL %	21.20

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.

A short-term redemption fee of 2% will be charged on shares held for less than 30 days.

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.

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.

The Fund invests in value stocks, which may perform differently from the market as a whole and may be undervalued by the market for a long period of time.

The Russell 2000[®] Value Index is a market-capitalization weighted equity index maintained by the Russell Investment Group and based on the Russell 2000[®] Index, which measures how U.S. stocks in the small-cap equity value segment perform. Included in the Russell 2000[®] Value Index are stocks from the Russell 2000[®] Index with lower price-to-book ratios and lower expected growth rates.

The Russell 2000[®] Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000[®] Index. The Russell 2000[®] is by far the most common benchmark for mutual funds that identify themselves as "small-cap".

The Russell 2000[®] Growth Index measures the performance of the Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. Unlike the Fund, the Russell 2000[®] Growth Index is unmanaged, is not available for investment and does not incur expenses.

The Standard & Poor's 500, often abbreviated as the S&P 500[®], or just "the S&P", is an American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The S&P 500[®] index components and their weightings are determined by S&P Dow Jones Indices.

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.

AMG Funds are distributed by AMG Distributors, Inc., member FINRA/SIPC.

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.