Q1 | 2019

AMG FQ Long-Short Equity Fund*

*Prior to August 31, 2017, the Fund was known as AMG FQ U.S. Equity Fund and had different principal investment strategies and corresponding risks.

COMMENTARY — ASSET CLASS | ALTERNATIVE

Class N | FQUAX   Class I | MEQFX

FIRST QUADRANT

Average Annual Returns (%) (as of 03/31/19)

	QTD	YTD	1 yr	3 yr	5 yr	10 yr	Since Incpt.
FQUAX (Class N)	3.04	3.04	6.56	11.99	8.01	13.96	7.14[1]
MEQFX (Class I)	3.08	3.08	6.88	12.35	8.31	14.27	8.44[2]
Russell 3000® Index	14.04	14.04	8.77	13.48	10.36	16.00	9.70[2]
50% Russell 3000® Index & 50% ICE BofAML 0-3 Month U.S. Treasury Bill Index	7.18	7.18	5.70	7.35	5.66	8.26	6.46[2]

FQUAX (Class N) Expense Ratio (Gross/Net)[3]: 2.98%/2.87%
MEQFX (Class I) Expense Ratio (Gross/Net)[3]: 2.66%/2.55%

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 FQ Long-Short Equity Fund** (Class N) returned 3.04% during the first quarter of 2019, while its primary benchmark, the Russell 3000® Index, returned 14.04%. For the 12-month period ended March 31, 2019, the Fund trailed the benchmark, returning 6.56% versus 8.77% for the Index. Please note that this Fund has multiple share classes.

Market Overview

Investor behavior this quarter was characterized by a few distinct thematic shifts. First, after broadly defensive trading in the final quarter of 2018, investor risk appetite significantly recovered in the early days of January, aligning with our view that still-favorable economic conditions would help to support risk-bearing behavior. Risk assets, including equities, rallied through the first several weeks, displaying the stereotypical "January effect."

The mood started to turn more somber as the quarter continued. Central banks (including the U.S. Federal Reserve [the Fed]) broadly walked away from intended tightening, expressing concern about global growth and political risks. The reduced rate expectations resulted in a quickly flattening yield curve, which worked in favor of momentum but against value.

Performance Review

Stock Selection

A major driver of this quarter's underperformance was the Fund's overweight positioning in stocks that were inexpensive relative to earnings. Value started off the quarter strong, with investors buying on the dip as risk appetite recovered. However, value characteristics quickly fell out of favor again, particularly in March as the yield curve flattened. We did experience some partially offsetting gains through our underweight positioning in stocks that were cheap relative to book value, however.

Early in the quarter, the Fund's overweight positioning in momentum stocks also experienced negative performance. We recouped a portion of these losses in March, when momentum started to recover, but still lost significant ground over the quarter.

Regarding industries, overweight positioning in medical services and retail food and drugs worked against performance, as investors worried about the fall in consumer spending. On the other hand, the Fund's underweight positioning in savings and loans performed well, with the reduced rate expectations adversely impacting lenders.

Beta Management

The Fund's positive exposure to market beta contributed positively to performance, given the significant rallies in January and February. Our dynamic beta management added further to quarterly gains. We believed the selloff in December to be attributable to investors' desire to preserve capital, rather than a stark shift in asset fundamentals. As a result, we expected risk appetite—and risk assets—to recover, and entered the year with increased beta exposure. This positioning paid off, with investors buying the dip in the early days of January, and we quickly moderated our view as opportunity dissipated. For the remainder of the quarter, we believed prices to be closely aligned with asset fundamentals, and kept beta exposure near our long-run target.

Outlook

We continue to identify a resilient market environment, in which we expect investors to absorb risk shocks efficiently and buy on the dip. Although investors and central bankers are expressing concern about growth and manufacturing, economic conditions remain supportive for the time being. Additionally, investors displayed renewed willingness to

[1] Since the inception of the Fund's Class N shares on March 1, 2006.
[2] Since the inception of the Fund's Class I shares on August 14, 1992.
[3] The Fund's investment manager has contractually agreed, through at least March 1, 2020, 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.

assume risk across a variety of asset classes, equity included, while demand for haven assets remained subdued (from a historical perspective). Until we see sustained evidence of market fragility, we will continue to expect investors to favor growth and momentum characteristics.

The views expressed represent the opinions of First Quadrant, L.P. as of March 31, 2019, are not intended as a forecast or guarantee of future results, and is subject to change without notice.

Top ten long positions (%)[4] (as of 03/31/19)

Holding	% of Net Assets
Toro Co	1.48
Marcus & Millichap Inc	1.45
Performance Food Group Co	1.45
PS Business Parks Inc	1.44
Gentex Corp	1.43
Evercore Inc, Class A	1.43
SEI Investments Co	1.42
US Foods Holding Corp	1.42
MGIC Investment Corp	1.41
First American Financial Corp	1.40
TOTAL %	14.33

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 may suffer significant losses on assets that it sells short. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short.

In managing the Fund, the Fund's Subadviser may rely heavily on one or more quantitative models ("Model") and information and data supplied by third parties ("Data"). When a Model or Data used in managing the Fund contains an error, or is incorrect or incomplete, any investment decision made in reliance on the Model or Data may not produce the desired results and the Fund may realize losses. In addition, any hedging based on a faulty Model or Data may prove to be unsuccessful.

The Fund may invest in derivatives such as options and futures; the complexity and rapidly changing structure of derivatives markets may increase the possibility of market losses.

The use of leverage in a Fund's strategy, such as futures and forward commitment transactions, can magnify relatively small market movements into relatively larger losses for the Fund.

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.

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.

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

The Fund is subject to special risk considerations similar to those associated with the direct ownership of real estate. Real estate valuations may be subject to factors such as changing general and local economic, financial, competitive, and environmental conditions.

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.

The price to book (or P/B) ratio is calculated by dividing the market price of a company's outstanding stock by its book value (total assets of a company less liabilities) and then adjusting for the number of shares outstanding.

Beta, which is a component of Modern Portfolio Theory, measures a portfolio's sensitivity to market movements. Specifically, it measures the relationship between the portfolio's excess return over T-bills (representing a risk-free rate) relative to the excess return of the portfolio's benchmark.

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 3000® Index is a trademark of the London Stock Exchange Group companies.

ICE BofAML 0-3 Month U.S. Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalan sest to, but not beyond, three months from the rebalancing date.

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

[4] 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.

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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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