

Class I | BRWIX



### Average Annual Returns (%)<sup>1</sup> (as of 12/31/18)

	QTD	YTD	1 yr	3 yr	5 yr	10 yr	Since Incpt. <sup>2</sup>
BRWIX (Class I)	-19.78	-3.67	-3.67	8.49	7.04	8.33	9.79
Russell 3000 <sup>®</sup> Growth Index	-16.33	-2.12	-2.12	10.85	9.99	15.15	–
Russell 3000 <sup>®</sup> Index	-14.30	-5.24	-5.24	8.97	7.91	13.18	10.15
S&P 500 <sup>®</sup> Index	-13.52	-4.38	-4.38	9.26	8.49	13.12	–

BRWIX (Class I) Expense Ratio (Gross/Net): 1.12%/1.12%

*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 -19.78% for the fourth quarter of 2018, compared with a -16.33% return for its benchmark, the Russell 3000<sup>®</sup> Growth Index. For the quarter, the S&P 500<sup>®</sup> Index and the Russell 3000<sup>®</sup> Index returned -13.52% and -14.30%, respectively. For the 12-month period ended December 31, 2018, the Fund returned -3.67%, compared with a -2.12% return for its benchmark. Over the same period, the S&P 500 Index and the Russell 3000<sup>®</sup> Index returned -4.38% and -5.24%, respectively.

Stocks took it on the chin in the final three months of 2018 amid growing uncertainty about the global economy. Oil prices, trade tensions and political pugilism all gave investors cause for concern during the December quarter. The resulting downturn pushed major benchmarks into their second correction of the year.

December-quarter returns represented the most pronounced decline in stock prices since the September quarter of 2011, when investors feared Greece's sovereign debt woes could become a cross-border crisis with global implications. A combination of issues weighed on sentiment in the final months of 2018.

<sup>1</sup> Returns for periods less than one year are not annualized.

<sup>2</sup> Since the inception of the Fund on December 30, 1985.

As was the case in 2011, falling oil prices played a role. While supply trends, including domestic production levels, were a factor, the primary concern from the investment community's perspective was whether plunging oil prices reflected slumping global demand due to weakening economic conditions.

Based on West Texas Intermediate (WTI) trading, crude oil prices plummeted nearly 38% from the beginning of October through the end of December. WTI is a light sweet crude used as a benchmark of particular interest to U.S. producers.

That oil's swoon took place amid heightening trade tensions between the U.S. and China only made matters worse. The U.S. Federal Reserve (the Fed) Bank-engineered interest rate hike in the face of White House criticism against it also contributed to jitters. Despite a strong opinion to the contrary, this did not strike most investors as a "good time" for a government shutdown.

Christmas Eve fell on a Monday, presenting investors their first opportunity to react following the shutdown that began at midnight the Friday before. By the close of trading, major indexes rested at their low points for the entire year. Many market barometers, including the Russell 3000<sup>®</sup> and Russell 3000<sup>®</sup> Growth Indexes, finished December 24 in bear-market territory (down 20% or more from their highs).

### Attribution Summary

Technology holdings, which represented the largest portfolio position, detracted the most from absolute results. Their negative influence on relative performance was not as pronounced. Among the best performers coming into the period, technology stocks led the downturn as the market's mood soured. Semiconductor holdings were among the hardest hit.

With investors fearing some degree of slowing economic growth on the horizon, comments about the outlook carried vastly more weight than reported results. Nvidia Corp. and Advanced Micro Devices exceeded September-quarter estimates with 48 and 30% earnings growth, respectively, but their shares were punished because both companies also lowered revenue guidance for the December quarter.

Economic worries also weighed on the consumer discretionary sector, where investors were unforgiving toward any signs of slowing. Consumer discretionary holdings represented the second largest portfolio position and were the second biggest absolute performance detractors. They were the third biggest detractors from results versus the benchmark.

The mobile food ordering platform GrubHub exceeded the consensus estimate with 61% September-quarter earnings growth, but its shares declined after management outlined plans to increase its market expansion goal for the December quarter, leading to higher costs. Likewise, TJX Cos. beat expectations with 26% October-quarter earnings growth, but investors saw trends toward higher freight and wage costs as a threat to results in the quarter ahead.

The financial sector was a welcome bright spot, generating a positive absolute return. The sector was the biggest contributor to absolute and

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relative results.

CME Group., a security- and commodity-exchange operator, exceeded expectations with 22% September-quarter earnings growth and benefited from increased trading volume related to volatility in the December quarter. eHealth provided an added boost. September-quarter revenue grew 30% amid positive retention and enrollment trends on the company's online health insurance marketplace.

*The views expressed represent the opinions of Friess Associates, LLC, as of December 31, 2018, are not intended as a forecast or guarantee of future results, and are subject to change without notice.*

Top Ten Holdings (%)<sup>3</sup> (as of 12/31/18)

Holding	% of Net Assets
Microsoft Corp	4.45
Ciena Corp	3.50
Amazon.com Inc	3.12
Salesforce.com Inc	2.79
Trade Desk Inc, Class A	2.66
Alphabet Inc, Class A	2.60
CME Group Inc, Class A	2.50
MasterCard Inc, Class A	2.38
Visa Inc, Class A	2.26
Foot Locker Inc	2.17
TOTAL %	28.43

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.

<sup>3</sup> 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.

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 markets.

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

The Russell 3000<sup>®</sup> 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.

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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.

The S&P 500 Index is proprietary data of Standard & Poor's, a division of McGraw-Hill Companies, Inc. All rights reserved.

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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