Q3 | 2017

AMG SouthernSun Global Opportunities Fund

COMMENTARY

ASSET CLASS | INTERNATIONAL EQUITY

Class N | SSOVX   Class I | SSOLX

SouthernSun Asset Management

Average Annual Returns (%)[1,2] (as of 09/30/17)

	QTD	YTD	1 yr	3 yr	5 yr	Since Incpt.[3]
SSOVX (Class N)	8.09	14.71	18.33	–	–	13.07
SSOLX (Class I)	8.26	14.99	18.74	–	–	13.39
MSCI All Country World Index	5.18	17.25	18.65	7.43	10.20	18.63
MSCI All Country World Index SMID Cap	5.47	17.34	18.01	8.74	11.39	18.98

SSOVX (Class N) Expense Ratio (Gross/Net)[4]: 1.65%/1.57%
SSOLX (Class I) Expense Ratio (Gross/Net)[4]: 1.40%/1.32%

The performance data shown represents past performance. Past performance is not a 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 SouthernSun Global Opportunities Fund** (Class N) returned 8.09% for the third quarter of 2017, compared with 5.18% for its primary benchmark, the MSCI ACWI. For the 12 months ending September 30, 2017, the Fund returned 18.33%, while the benchmark returned 18.65%. Please note that this Fund has multiple share classes.

Management assessments of existing and prospective holdings remain a key component of SouthernSun's investment process. This part of our research extends from the board room to the break room, and we find discussions with plant and operational management revealing and as significant as those in which we engage with senior management of a company. We attempt to determine whether a management team is "rightly fitted" for the current challenges and opportunities facing a company, whether financial, operational or customer-related. Many of the Fund holdings' management teams have remained in place for more than ten years, although we certainly see and analyze turnover when it occurs. We continually evaluate the capital allocation decisions that the portfolio holdings' managers make in acquisitions, share buybacks, debt retirement, dividend increases and capital expenditures. As value-oriented investors, we often find companies trading at attractive cash flow yields that are managing through a turnaround or what we believe is a temporary setback in their business. We value management teams with experience and capabilities in these transitions.

During the period, we participated in a greater than usual number of meetings with the management teams of existing and prospective holdings at their headquarters and facilities, at conferences, and in our Memphis office. The content of these meetings reinforced to us the value of knowing these companies and their leaders over an extended period of time. Topics discussed included capital allocation, product development, the competitive landscape, operational initiatives and improvements, and the importance of having the right leadership in place. We contend that these meetings produce conversations and cover topics often not found in regulatory filings or in company marketing materials and the content they generate better informs our research process and ability to judge the quality of the investments in the long term.

Stock selection in the industrials and consumer staples sectors, led by Localiza Rent A Car S.A. (RENT3) and Bakkafrost P/F (BAKKA), respectively, drove most of the outperformance in the period. This was offset, in part, by stock selection in the information technology and energy sectors where Western Union Company (WU) and Newfield Exploration Company (NFX), respectively, were leading detractors from performance. The Fund's cash position also provided a drag to performance.

Localiza Rent A Car S.A. (RENT3), a rental car company operating largely in Brazil, was the leading contributor to performance on a relative basis in the period. The company holds approximately 45% market share in Brazil where it competes against several local firms and American rental car companies, The Hertz Corporation and Avis. We believe that its scale as a major purchaser of automobiles in Brazil has led to an advantage in purchasing power for RENT3. The company operates stores on-premise at airports and at off-premise locations, serving both business and leisure customers. It operates a used car subsidiary which we contend enables the efficient liquidation of its rental fleet, often after one year versus the standard industry practice of three years. RENT3 has historically maintained a de-levered balance sheet, and we assert that this, along with its fleet management, has contributed to attractive returns on total capital during recent inflationary periods in Brazil. We believe that its management team's capital allocation decisions have created value while increasing market share over time.

The Brink's Company (BCO), a global provider of logistics and security services for the transport of cash and other valuables, was another leading contributor to performance on a relative basis in the period. The company's customers include banks and other financial institutions, retailers, jewelers and government agencies. In 2016, BCO derived approximately 75% of its revenue outside of the U.S. with France, Mexico and Brazil generating substantial revenue. Competitors include G4S plc, Loomis AB and Prosegur. In our view, the company is in the midst of a

[1] Returns for periods less than one year are not annualized.
[2] Prior to October 1, 2016, the Fund's N and I shares were known as Investor and Institutional shares, respectively.
[3] Since the inception of the Fund on July 11, 2016.
[4] The Fund's investment manager has contractually agreed, through at least February 1, 2018, 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.

turnaround and that management is building credibility with us and with other investors. BCO replaced its management team in 2016 and we have met with the new executives to discuss their strategy. We believe that the new leadership is taking decisive actions—including assigning senior executives to oversee turnarounds in specific global regions, rebuilding the salesforce and calling on major customers, and identifying global margin improvement opportunities. We maintain conviction in this holding and will continue to assess new management and monitor the progress of these turnaround initiatives going forward.

Clean Harbors, Inc. (CLH), a leading provider of environmental, energy and industrial services throughout North America, was the leading detractor from performance on a relative basis in the period. It focuses on the cleanup of hazardous materials, on cleaning industrial parts and on the recycling of oil into high quality base and blended lubricating oils. CLH enjoys longstanding relationships with customers ranging from Fortune 500 companies to small privately held entities in industries including oil and gas, chemicals and refining. We believe that its business is driven, in part, by increased environmental regulation in the U.S. and Canada. The company is led by its founder and we contend that he is supported by an experienced senior management team. In recent years CLH has executed on a $200 million cost reduction plan, brought an incinerator on line, and incubated an oils re-refining business. In its most recent earnings release, CLH reported an uptick in customer activity and a growing pipeline across all business segments. It also refinanced a portion of its debt and reaffirmed its guidance.

Western Union Company (WU), a global leader in money transfer and related businesses, was another leading detractor from performance on a relative basis in the period. We believe that WU's brand is recognized broadly for moving money throughout the world. The company maintains modest leverage and has a record of returning capital to shareholders via stock repurchases and dividend increases. While the threat of competitive pricing has forced WU to consider adjusting its pricing model, we believe that the long-term growth characteristics of the business, specifically related to what we contend is growth in global migration, will offset these pressures over time. The company's management team is seasoned, with substantial prior experience throughout the financial services sector, and we like the discipline it has shown in allocating capital and responding to competitive pressures. Additionally, as WU has identified and hired new leaders in the company in recent years, it has favored people with technology and mobile payments backgrounds, recognizing their increasing role in the money transfer business. Earlier this year, WU announced agreements with the U.S. Department of Justice to resolve investigations surrounding its oversight of agents and compliance with anti-money laundering and anti-fraud provisions of federal law. We believe that this settlement has caused weakness in the stock price but covers events that occurred between 2004 and 2012, and does not represent a material impact to the business, currently. We remain pleased with WU's fundamentals and reinvestment of cash flows.

We assert that several characteristics distinguish us in the marketplace—including consistent onsite assessments of operational management, our long-term perspective and the duration of ownership, and the significant stakes that we take in many of the Fund's portfolio holdings. We assert that each of these reflects the importance of meeting with management teams on a regular basis and using these meetings to continually inform and enhance our investment theses. Time spent with executive and operational management at our businesses has been a hallmark of our investment process, and we look forward to its continued role in our research and to reporting on what it reveals in this forum.

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

Top Ten Holdings (%)[5] (as of 06/30/17)

Holding	% of Net Assets
Darling Ingredients Inc	6.30
Centene Corp	6.10
Polaris Industries Inc	5.67
Brink's Co	5.48
Clean Harbors Inc	5.41
Western Union Co	5.35
SKF AB, Class B	5.21
Bakkafrost P/F	5.18
De'Longhi SpA	5.07
Newfield Exploration Co	4.78
TOTAL %	54.55

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.

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.

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

[5] 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.

investment, possibly leading to nationalization or confiscation of investor assets.

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.

The Fund is subject to currency risk resulting from fluctuations in exchange rates that may affect the total loss or gain on a non-U.S. Dollar investment when converted back to U.S. Dollars.

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.

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.

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.

A short-term redemption fee of 2% will be charged on redemptions of Fund shares held for less than 60 days.

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.

The MSCI All Country World Index (ACWI) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 23 developed and 24 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. Please go to msci.com for most current list of countries represented by the index.

The MSCI ACWI SMID Cap Index captures mid and small cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the U.K. and the U.S. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. Please go to msci.com for most current list of countries represented by the index.

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

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