

Looking Forward

Friess Associates market observations and insights

June 30, 2019

Showing Confidence in Standouts as the Earnings Environment Slows

Consumers in May assessed then-present conditions for business and labor more favorably than at any other time since December 2000. Consumer confidence retreated some in June amid heightened trade tension, but stayed in the well-above-average range that it's occupied for more than two years running.

Makes sense. Unemployment remains exceptionally low, credit is cheap and gas is considerably more affordable than it was at this time a year ago.

Yet companies beholden to consumer discretion, as a group, are less attractive to us now than they were at the beginning of the year. The Consumer Confidence Index increased more than 10 percent from its January reading through its year-to-date high in May. At the same time, exposure to the consumer discretionary sector among the portfolios we manage decreased by more than one-fourth.

We're comfortable with the divergence. Consumer confidence is an important indicator in an economy primarily driven by domestic consumption, but, by itself, it doesn't influence a single investment decision that we make. As bottom-up stock pickers, our reasoning differs from company to company.

To be sure, recent trends hardly indicate that we're at odds with prevailing consumer sentiment: Consumer-related holdings still rank among the largest concentrations of assets we currently manage.

Rather, as part of a constant ebb and flow in our ongoing efforts to identify individual-company earnings strength, lower consumer discretionary exposure reflects a drop in the number of companies from the sector that we believe enjoy superior paths to above-average earnings growth. Existing holdings and new ideas vie for portfolio space through their respective outlooks and, recently, our research more frequently identified greater potential in companies from other sectors.

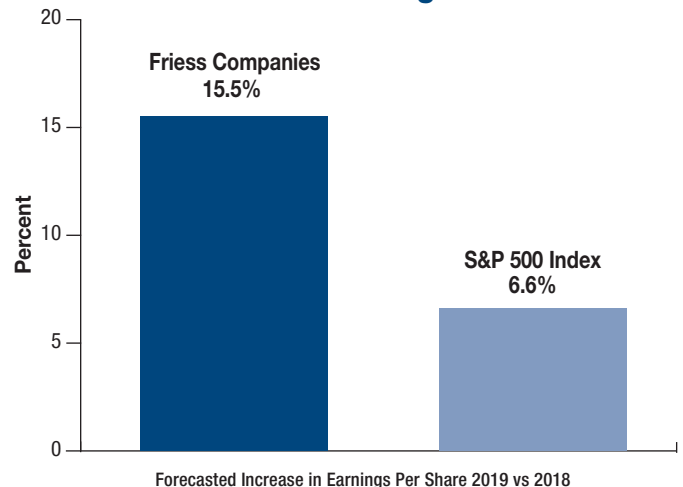
While reported progress made in negotiations with China forestalled an expansion in the Trump administration's tariffs on Chinese imports, the threat lingers. Tariff-related clouds obscuring second-half visibility

was a common theme in interviews we conducted with executives in consumer-related fields.

No wonder. The topic was of great enough concern to generate a written group request for tariff reconsideration, heavy on retail-related signatories. The letter, sent to the White House on June 13, was titled "Tariffs Hurt the Heartland."

In all, there were more than 600 signers, including American Eagle Outfitters, Columbia Sportswear Co., Costco Wholesale Corp., Gap, Kohl's, Levi Strauss & Co., Macy's, Target, Tractor Supply Co., Urban Outfitters and Walmart. Trade associations representing clients involved with everything from accessories to windows chimed in as well.

Estimated Earnings Growth



Source: Consensus estimates from FactSet Research Systems Inc., as of June 30, 2019.

This is not a forecast of future performance. Earnings growth for a portfolio holding does not guarantee a corresponding increase in the market value of the holding or the portfolio.

For now (as of the end of June), the prospect of an expansion in tariffs targeting goods from China is at least suspended. What, if any, influence the formal industry outcry played we don't know. We do know that the letter was a public expression of the types of concerns we repeatedly encountered in our research interviews, the kind of wildcard risk that, although not disqualifying on its own, could tip the balance to favor another option in a close-call situation.

From a practical, rather than political, standpoint, fewer outside influences on business (in this case tariffs) are better for our purposes. We lack details about the recent partial trade truce at this juncture, but things appear to be moving in an encouraging direction. Less trade-related ambiguity reduces one source of geopolitical risk in the second half.

On the earnings front, caution seems warranted as the second-quarter reporting season gets underway. Through June, 113 companies from the S&P 500 Index issued updated guidance to adjust second-quarter expectations. Twenty-six of the companies issued positive guidance. The other 87 companies pre-announced negative news.

The negative pre-announcement rate, at 77 percent, compares with a five-year average of 70 percent, according to FactSet Research Systems. If 87 turns out to be the final number of S&P 500 Index companies issuing negative pre-announcements for the second quarter, it will represent the second-highest negative pre-announcement total for a quarter since FactSet began tracking this data in 2006.

Current consensus puts the S&P 500 Index on pace to post its second consecutive quarter of aggregate, year-over-year earnings decline, which would mark the first back-to-back declines since the first half of 2016. As a whole, 2019 is shaping up to be an uninspired year for the S&P 500 Index's earnings relative to the recent past.

Fortunately, as stock pickers, we're not forced to settle for what is typical of the market in the current climate. Based on consensus estimates, the average company held in Friess-managed portfolios is expected to grow earnings 15.5 percent this year, or more than twice the rate of the index.

Recent results for Autodesk (page 4) showed little reason for concern even as economic conditions prompted analysts to question trends in customer lines of business, such as construction, and specific geographic markets. Sales of the company's computer aided design drafting software, which historically served as a harbinger of turns in the company's overall prospects, jumped 37 percent in the March quarter, besting a 30 percent increase in the same quarter in the previous year.

Autodesk reflects our preference for companies aiming to position themselves to capitalize on secular trends unlikely to be wholly disrupted by changes in the environment. Demand for the company's software is expanding with increased digitization in the field of engineering and construction and with new manufacturing techniques in the industrial space. Plus, with 95 percent of its revenue mix generated through subscrip-

tions, Autodesk's business is less susceptible to abrupt decision-making among customers.

Insperty (page 4) can credit the economic backdrop for at least part of its current success. With unemployment near a five-decade low, employee recruitment and retention are of paramount importance, driving demand for Insperty's services as a professional employer organization. Those services, however, are more than finding and keeping personnel, expanding Insperty's appeal beyond employment conditions.

As companies grow, human resource management increases in complexity. Insperty can serve as a full-service partner, covering the complete array of administrative, legal and regulatory responsibilities that come with the territory.

Drug makers rely on partners, too. PRA Health Sciences (page 5) maintains infrastructure and expertise developed during its participation in more than 3,700 clinical trials over the past 19 years. The company performs research for biotechnology and pharmaceutical companies on a contract basis. Its appeal, illustrated by \$4.4 billion in backlogged business at the end of March, partly lies in its data on hundreds of millions of patients and billions of pharmacy claims that can be leveraged for recruitment, trial design and other analytical aims.

Yeti (page 5) was born out of the frustration of two brothers, avid outdoorsmen who grew tired of replacing busted coolers that weren't designed to endure their activities. That was in 2006. In the year ended March 2019, the company they created brought in roughly \$800 million in sales of its durable, high-performing coolers and the related products that have caught on as the company's reputation grew.

Yeti emerged as an outdoor lifestyle brand, which, along with the quality of its products, gave the company an enviable level of pricing power. Having grown from a regional to a national brand, Yeti is targeting overseas markets as part of its growth strategy. The company plans to increase international sales from 4 percent of current revenue to 7 percent by the time the year is out.

The entire Friess team joins me in sending best wishes and warm regards.



Scott Gates
Chief Investment Officer



Proposed Fixes for What Ails Health Care

Another presidential election cycle ensures that the high-profile debate regarding the direction of the health care system will continue. Putting politics aside, most Americans can agree that health care economics are quickly becoming prohibitive as costs exceed inflation and new solutions lack urgency.

We recently caught up with Cottonwood Research Group's Ken Lauden, an analyst with more than three decades of experience specializing in the business of health care, to benefit from his insights on improving the system at what he believes is a critical juncture for reform. Ken notes that no single idea or piece of legislation will fix what ails an industry that represents 18 percent of the overall economy.

A comprehensive solution will require leveraging health care innovation and structuring the system in a way that incentivizes positive patient and physician behavior. For Ken, it all starts with the five Ps: personalization, precision medicine, payment reform, prevention and pharmaceutical pricing.

Personalization of Health Care Information – It's time to empower patients with relevant and more transparent information on the cost and quality of the health care they receive. Doing so will enable consumers to become more efficient purchasers of health care products and services. One of the ironies of the U.S. health care system is that the best specialists and highest quality health care facilities produce the lowest overall costs of care.

Consider an injured person seeking the best physician specialist and facility with demonstrated success treating his injury. Ideally, the patient would have at his fingertips the diagnosis from his medical records and be able to use a smartphone app to search for an estimated bundled price, including how much of the cost would be his responsibility. The same app could be used to peruse a list of specialist physicians and health care facilities in the area that generate the best clinical outcomes for the specific injury.

Precision Medicine – A new national goal should be to have every person's genome linked to a private electronic medical record but ensconced with prudent and enforceable privacy standards that protect individuals from adverse premiums or penalties based on their genetic footprints. Treatment failure rates today are an unacceptable 75 percent for cancer. At the same time, breakthrough next-generation genetic-based cancer

treatments are clearly improving survival rates in a subset of patients.

Payment Reform – Importantly, we must continue to shift away from the traditional volume-oriented reimbursement approach to a value- or an outcomes-based payment system. It's estimated that only 10 percent of health care dollars and 40 percent of medical claims fall under a value-based payment model today. If we are to make a dent in growing health care costs, we will need broad-based payment reform to eliminate the 30 percent of health care dollars (equates to nearly \$1.2 trillion) that are considered waste or fraud and abuse.

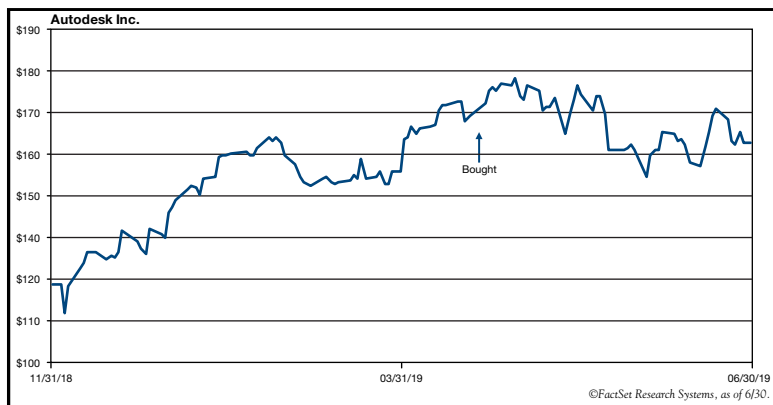
Paying providers and health plans for the actual "value" (not volume) that they deliver in improved patient outcomes and avoiding unnecessary costs is arguably the most important element to reducing waste and unnecessary care, thereby making health care more affordable.

Prevention and Wellness – We should use financial incentives (tax credits or premium subsidies) to improve promotion of prevention, wellness and screening to empower individuals, particularly those with chronic diseases, to improve their health status. This would include incentivizing diabetics via premium reductions or deposits into health savings accounts (HSAs) to strive toward improved A1C levels or motivating patients at elevated risk for coronary events to monitor their cardiac health such as checking and maintaining healthy cholesterol and blood pressure profiles.

Pharmaceutical Pricing – Drug costs continue to be a major problem, but there are reasons for optimism. Some of the most expensive drugs in our country are directly dispensed by physicians for high cost chronic diseases such as oncology, end-stage renal disease, multiple sclerosis and hemophilia. These unabated and high cost drug areas have the attention of the Centers for Medicare and Medicaid Services (CMS). There's been a flurry of proposals over the last six months, several of which are intended to ameliorate the increasingly prohibitive costs of specialty drugs, estimated to reach \$400 billion annually by next year.

New and innovative cost management tools, such as reference pricing (not to pay more for any class of drug when less expensive treatment alternatives exists that produce similar outcomes) and value-based reimbursement (based on a drug's relative safety and effectiveness versus other drugs in comparable patient populations) need to be broadly applied by Medicare and Medicaid as a starting point.

Autodesk Inc., ADSK



For decades, architects and engineers have relied on Autodesk software to formalize their vision, creating plans for folks in the field to execute. Now, in pursuit of greater efficiency, digital workflow is making its way from the design phase to end construction processes. Given its track record, Autodesk enjoys a unique foundation to build upon as the construction ecosystem modernizes.

Nasdaq-listed Autodesk Inc. sells a range of computer-aided design products that help engineers, architects, construction professionals, designers and entertainers create all sorts of things. The company's

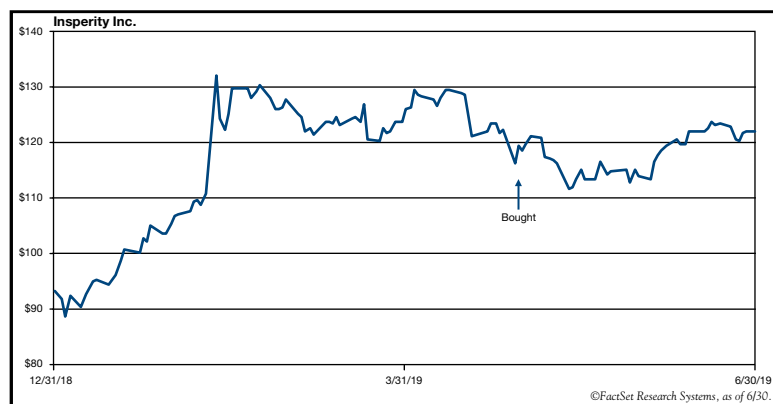
software provides the flexibility to optimize and improve designs before execution, helping to save time and money, improving quality and fostering innovation. Autodesk's software products are sold globally, both directly to customers and through resellers and distributors. Sales grew 29 percent to \$2.7 billion in the 12 months through April.

Autodesk earned \$0.45 per share in the April quarter, compared with \$0.06 in the year-ago period as revenue jumped 25 percent. Construction-related demand accelerated in the first full quarter following two recent acquisitions due to new customer wins, product integration and the realization of revenue synergies.

Recurring revenue increased 33 percent during the quarter to \$2.83 billion. Management reiterated prior comments that the company was not adversely impacted by slowing trends in customer industries and geographies. There was also no noticeable fallout from Brexit or trade disputes.

Modern competitive bidding processes require manufacturing to be more flexible and construction processes to be more predictable. The transformation to digital interactive design, planning, scheduling and real-time cost analysis is a critical contributor to efficiency and better return on investment metrics. Based on the consensus estimate, analysts expect Autodesk to grow earnings 60 percent in the fiscal year ending January 2020.

Insperty Inc., NSP



At less than 4 percent, unemployment hovers near levels last seen in the 1960s. Tight labor conditions and an increasingly complex regulatory environment make human resource management a challenging task. A growing number of small businesses turn to Insperty to help them tackle it.

NYSE-listed Insperty Inc. is a professional employer organization (PEO) that serves as a full-service human resources department. The company provides clients with benefits and payroll administration, medical and worker compensation insurance programs, personnel records management, employer

liability management, employee recruiting and selection performance management, and training and development services. Sales grew 15 percent to nearly \$4 billion in the year through March.

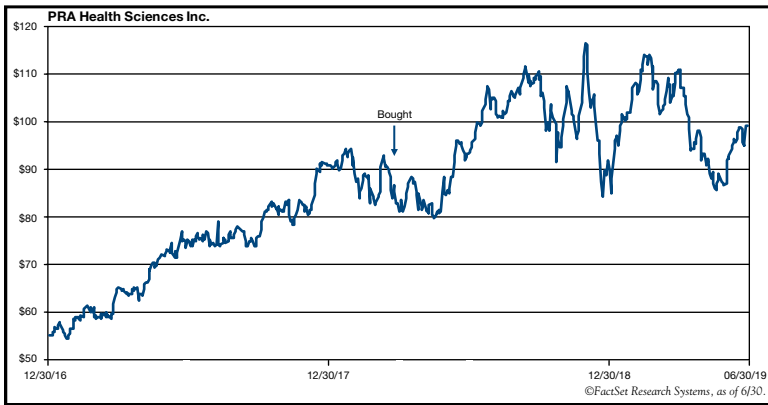
Insperty grew March-quarter earnings 40 percent, exceeding the consensus estimate. The record results stemmed from 15 percent worksite employee growth combined with effective management of pricing, direct cost programs and operating costs. Sales grew 14 percent as high retention rates and new customer additions resulted in a net hiring boost.

Estimated to account for less than 1 percent of the PEO market, Insperty plans to rapidly expand its geographic footprint and product suite. After opening seven new offices last year, the company is slated to open nine more this year. A new data analytics offering is being rolled out with an aim toward helping to attract and retain larger clients.

Your team spoke with Chief Financial Officer Doug Sharp regarding the company's balance sheet and capital deployment. Insperty holds more than \$450 million in cash and marketable securities versus less than one-third of that amount in debt. During the March quarter, the company increased its dividend and bought back 230,000 shares of its own stock.

Based on the consensus estimate, Wall Street analysts expect Insperty to grow earnings 25 percent in 2019.

PRA Health Sciences Inc., PRAH



The contract research business is highly competitive. Drug makers enjoy a host of qualified potential partners they can hire to conduct drug development work on their behalf, yet PRA Health Sciences still manages to stand out. In May, the industry recognized the company as the “Clinical Research Company of the Year – the Americas” for the seventh year in a row.

Nasdaq-listed PRA Health Sciences Inc. is a contract research organization, or CRO. It provides outsourced clinical development services for the biopharmaceutical industry. Developers employ its services, including data management, statistical analy-

sis, clinical trial management and development consulting, for everything from niche treatments to blockbuster drugs. The company participated in roughly 3,700 clinical trials since 2000, working on more than 100 marketed drugs.

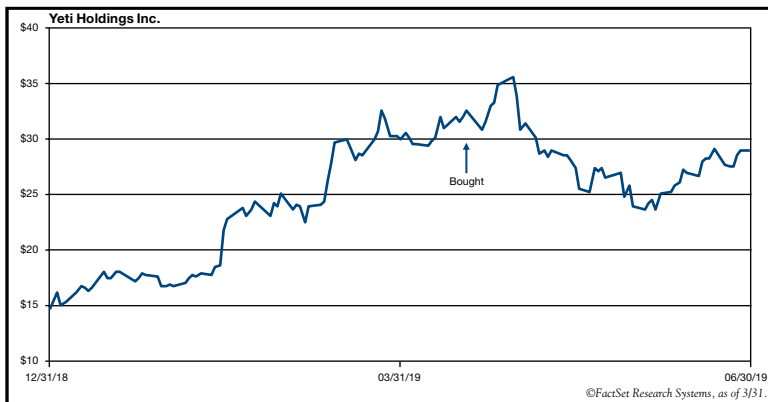
PRA serves a host of biotechnology firms as well as larger pharmaceutical companies such as Bristol-Meyers Squibb and Takeda Pharmaceutical Co. Revenue reached nearly \$2.9 billion in the 12 months through March.

PRA grew March-quarter earnings 29 percent, exceeding the consensus estimate. The company generated \$665 million in net new business during the period. Backlogged business totaled \$4.4 billion at the end of March, up 5 and 17 percent from the end of 2018 and the year-ago period, respectively.

With more than three decades of experience, PRA boasts a data trove that includes more than 280 million patients and 10 billion pharmacy claims, representing vast and valuable resources that can be used to quickly recruit patients for clinical trials. The company also offers predictive analytic solutions used to design trials and, as in-trial data become available, modify protocols as needed.

Based on the consensus estimate, Wall Street predicts the company to grow earnings 17 percent this year.

Yeti Holdings Inc., YETI



If a better mousetrap is enough to prompt the world to beat a path to your door, consider what traffic on that trail could be like with spot-on branding. To get an idea, go to yeti.com, where visits among consumers interested in premium coolers, at more than 15 million per month, outnumbered visits to the nearest competitor’s site by 45 percent in the 12 months through April.

Nasdaq-listed Yeti Holdings Inc. makes high-performing products for the outdoor and recreation markets. The company sells its products online and through retail outlets such as Bass Pro Shops,

Dick’s Sporting Goods and Walmart. Revenue reached \$799 million in the 12 months through March.

Yeti’s hard coolers, the product line that launched and continues to define the company, range in price from the \$200 Roadie 20 to the \$1,300 Tundra 350. Other products, including \$30 travel mugs, \$50 dog bowls, \$200 blankets and \$300 folding chairs, also sport premium price tags. The company’s commitment to exceptional quality and the cult-like brand following Yeti enjoys make its pricing strategy possible.

Yeti’s gross profit increased 34 percent in the March quarter, with gross profit margins climbing 700 basis points to more than 49 percent. Cost improvements and a 28 percent increase in direct-to-consumer sales contributed to profitability. The company earned \$0.08 per share in adjusted net income, surpassing expectations for \$0.02.

Yeti aims to increase international sales, currently concentrated in Australia, Canada and Japan, from 4 percent to 7 percent of revenue by next year. With one store in Austin and another recently opened in Charleston, the company is targeting Chicago and Denver next as part of a plan to open four to six domestic retail locations per year. Product innovation remains a key component of Yeti’s growth strategy.

Maintaining a Stock Picker’s Perspective as “the Market” Moves

Despite continued rate-related pressure from the White House, the Federal Reserve Bank held interest rates steady at its June meeting. The lack of action cemented the market’s collective mindset into a belief that a rate reduction was just around the corner. The central bank dropped the word “patient” from its outlook in its June 19 statement and, by the end of the day, Fed fund futures forecast a 100 percent chance of policy easing in July.

Add in optimism regarding the possibility that the United States and China could work on reducing trade tensions between the two countries at the G-20 summit held at the end of June, and there was cause for celebration. The Dow Jones Industrial Average posted its best percentage return for June since 1938.

That’s great. We’re all for confidence and optimism. Still, we’re hardly assured that handicapping interest rate moves or geopolitical deal-making is a dependable investment strategy. We believe the most reliable and repeatable way to find winning stocks is to identify companies that report earnings that demonstrate a surprising level of operational strength.

To us, earnings performance is the most important fundamental factor in determining each company’s share price. Our strategy is based on the premise that earnings drive stock prices. As a result, we aim to isolate companies poised to deliver rapid year-over-year earnings growth – typically more than 20 percent – that also enjoy good prospects to exceed consensus earnings expectations.

We look for companies with high earnings quality, meaning the earnings a company reports accurately represent its operational performance. We also seek to identify companies with earnings catalysts, such as new market opportunities or revenue streams, likely to drive upside and attract positive investor attention.

Still, no matter how good a target company looks after passing a series of fundamental hurdles, we evaluate the logic behind making a purchase within the context of price. We generally focus on rapidly growing companies that also sell at reasonable multiples of earnings expectations, usually less than 30 times forward estimates.

Exhaustive research is the key to our earnings-driven approach. We develop individualized earnings expectations for every existing holding and target company

by keeping in constant contact with executives, salespeople and others who interact with these companies.

We use the term “trade check” to describe the interviews we conduct with company management teams, customers, competitors and suppliers. Trade checks include in-person company visits, trade shows, user conferences and discussions via phone.

The Friess research team conducts scores of trade checks as part of an ongoing effort to glean insights on existing and potential holdings. Trade checks represent one of our most fruitful methods of idea generation, with research legwork often uncovering promising opportunities outside of the initial direction of our investigation.

Friess researchers are generalists, giving them the freedom to suggest the best ideas they uncover regardless of industry. We don’t run the risk of having, for example, a semiconductor analyst on hand who might push for a chipmaker to be in the portfolio to justify his or her existence at a time when the chipmaker doesn’t represent a good investment. Being generalist in our approach gives our team the flexibility to nimbly move to the next pockets of earnings strength as the environment evolves.

What makes this system work is a culture in which our researchers cooperate rather than compete with each other. All of the insights we gather are recorded in a real-time, shared database, preventing teams from duplicating efforts while allowing researchers to leverage our firm-wide work for use in their own individual-company analyses. We work together, guided by the unifying motto that defines our investment strategy: “Never invest in the stock market – invest in individual businesses.”

Friess Investment Strategy Highlights

- Rapidly growing companies
- Reasonable price-to-earnings ratios
- Focus on companies likely to exceed consensus earnings estimates
- Emphasis on under-researched, lesser-known companies rather than industry leaders
- Intensive and repeated contacts with company managements, customers, competitors and suppliers

On the Cutting Edge

Examples of innovative ideas that cross your team's radar screen appear here each quarter. Chances to capitalize on investment opportunities related to them may lie in the future or may never materialize.

Recharging Can Be a Breeze

Even the most ardent outdoor enthusiast would be unwise to venture into the great unknown without a smartphone given its ability to serve as a compass, weather tracker and location beacon, among other things. But being off the grid means being removed from typical battery-charging power sources, making smartphones and other electronic devices of fleeting value in the wild. Enter WindPal, a pint-sized aluminum generator invented by Finnish hikers whose expeditions revealed an unmet need. Starved of sunlight for months at a time during northern Finland's harsh winters, the WindPal team created a small, enclosed generator, called The Base, to mate with a vertically oriented fabric turbine to take advantage of wind power via the WindPal Hiker. Depending on location and conditions, wind isn't always the best option, so the team also created the WindPal Kayaker, which is a propeller married to The Base and meant to be submerged in a moving stream or attached to a canoe. For the team's final offering, when wind and water won't do, there's the WindPal Survivor, which attaches a hand crank to the generator.

Novel Way to Reuse Cotton Refuse

Finding use for waste generated as a byproduct of a production process is always a welcome step in the never-ending march toward conservation. Finding use that displaces an environmentally unfriendly material is more of a leap. Researchers from Deakin University in Australia are working to change cotton ginning in ways that could lead to a kangaroo-like advance in the eco-friendliness of the process. Separating cotton fibers from their seeds results in more than 10 million tons of cotton waste going into landfills each year, according to the Deakin team. The team is hoping to slash that number by using discarded lint, seeds and stems to create biodegradable plastic that could reduce usage of harmful synthetics. Using cheap, environmentally friendly chemicals, the researchers were able to convert ginning trash into a liquid organic polymer that they used to create a plastic film. Made on a large scale, the team envisions the biodegradable plastic used as bale wrap or seed packaging, potentially becoming part of a full-cycle agricultural process. In addition to its environmental potential, the Deakin team believes the waste-derived plastic would be cheaper to make than its petroleum-based counterparts.

Alice Aims to Electrify Aviation

One hundred, sixteen years removed from the Wright brothers bringing forth aviation's pioneer era, a community of well-funded innovators envisions an electric future for air travel. Just weeks after a California startup publicly debuted the largest-yet prototype of a hybrid-electric airplane to take flight, Israel-based Eviation Aircraft Ltd. showed off a larger, all-electric plane at the Paris Air Show. Unlike its retro-fitted predecessor, Eviation's plane, named Alice, was designed for electric travel from the beginning. The nine-seat, 40-foot-long plane can cruise at 276 miles per hour with a range of about 650 miles, making it a viable competitor in the regional commuter market. Alice is outfitted with propellers on each wing tip and its tail, driven by a choice of propulsion systems. While Alice is modestly slower than a traditional turboprop plane, running costs are forecast at just one-fifth of turboprop costs per flight hour. Eviation announced that its first customer, Cape Air headquartered in Massachusetts, agreed to buy a "double digit" number of planes. Demand for electric airplanes is reportedly high amid pressure on the aviation industry to reduce emissions. If all goes as planned, Alice should be in service by 2022.

Snail Slime Inspires Scientific Mimicry

Following the debut of adhesive putty (Sticky Tack, Poster Tack, etc.) in the 1960s, the Wacky WallWalker toy popular in the 1980s was among the rare applications of reusable adhesive to catch on with the masses. The knocks against reusable adhesives is that they're weak and not so reusable – and progress on that front to date has been slow. Snails or, more specifically, their slime could hold the answer, according to researchers at the University of Pennsylvania and Lehigh University. The researchers discovered that a hydrogel made with polyhydroxyethylmethacrylate (pHEMA), which is used in contact lenses, was similar to a snail's epiphragm, the temporary structure snails create to securely bond to a surface. pHEMA, like snail slime, is rubbery when wet yet rigid when dry. While pHEMA's performance eliminates the main complaints against previous reusable adhesives, there's reason to believe the category will remain challenged. Since the material's adhesion is reversible by water, potential uses are limited.

FRIESS

ASSOCIATES

TIME TESTED • RESEARCH FOCUSED

Friess Associates, LLC
P.O. Box 576
Jackson, WY 83001

Friess Associates of Delaware, LLC
P.O. Box 4166
Greenville, DE 19807

Editorial Staff: Chris Aregood and Adam Rieger

Definitions and Disclosures

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 visit www.amgfunds.com for a free prospectus. Read it carefully before investing or sending money.

Any sectors, industries, or securities discussed should not be perceived as investment recommendations. There is no assurance that any securities discussed herein will remain in a portfolio at the time you receive this information or that securities sold have not been repurchased. The securities discussed do not represent the entire portfolio and in aggregate may represent only a small percentage of a portfolio's holdings. Any securities discussed may no longer be held in an account'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 or will equal the investment performance of any security discussed herein. Friess Associates will provide a list of security purchases and sales for the past 12 months upon request.

Earnings growth rates quoted refer solely to the estimated earnings growth rates of the average investment holding of Friess Associates based on consensus estimates. This is not a forecast of future performance. Earnings growth for a portfolio holding does not guarantee a corresponding increase in the market value of the holding or the portfolio. Diversification does not guarantee a profit or protect against a loss in declining markets.

As of June 30, 2019, American Eagle Outfitters Inc., Autodesk Inc., Costco Wholesale Corp., Insperty Inc., Levi Strauss & Co. and Yeti Holdings Inc. represented 0.94, 1.44, 1.75, 1.54, 0.59 and 1.25 percent of AMG Managers Brandywine Fund's assets. AMG Managers Brandywine Blue Fund held Autodesk and Costco Wholesale at 1.84 and 2.26 percent of assets. AMG Managers Brandywine Advisors Mid Cap Growth Fund held American Eagle Outfitters, Insperty, PRA Health Sciences Inc. and Yeti at 0.94, 2.34, 2.59 and 2.13 percent of assets. Other securities discussed were not held by the Funds. Earnings per share, or EPS, is the portion of a company's profit allocated to each outstanding share of common stock. The Price-to-Earnings (P/E) Ratio is calculated by dividing current price of the stock by the company's estimated earnings per share for the current calendar year. "Bought" date highlighted in stock charts represents the initial purchase date by Friess Associates. The S&P 500[®] Index is a capitalization-weighted index. The 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 index is unmanaged, unavailable for investment and does not incur expenses. The Consumer Confidence Index is an indicator published by The Conference Board, an independent economic research organization, that measures the degree of confidence in the U.S. economy that consumers express through savings and spending. Friess Associates LLC serves as the subadvisor to certain mutual funds advised by AMG Funds.

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