Q2 | 2020

AMG GW&K Emerging Wealth Equity Fund*

*Effective March 1, 2020, AMG GW&K Trilogy Emerging Wealth Equity Fund changed its name to AMG GW&K Emerging Wealth Equity Fund.

COMMENTARY

ASSET CLASS | EMERGING MARKETS

Class N | TYWVX   Class I | TYWSX   Class Z | TYWIX

GW&K INVESTMENT MANAGEMENT

Average Annual Returns (%)[1] (as of 06/30/20)

	Q2	YTD	1 yr	3 yr	5 yr	Since Incpt.[2]
TYWVX (Class N)	19.88	-5.34	1.44	5.14	6.56	5.73
TYWSX (Class I)	19.86	-5.31	1.68	5.43	6.84	5.99
TYWIX (Class Z)	19.92	-5.17	1.84	5.54	6.95	6.11
MSCI Emerging Markets Index	18.08	-9.78	-3.39	1.90	2.86	3.05

TYWVX (Class N) Expense Ratio (Gross/Net): 1.34%/1.34%
TYWSX (Class I) Expense Ratio (Gross/Net): 1.05%/1.05%
TYWIX (Class Z) Expense Ratio (Gross/Net): .94%/.94%

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 GW&K Emerging Wealth Equity Fund**[3] (Class N) returned 19.88% in the second quarter of 2020, outperforming the 18.08% return for its benchmark, the MSCI Emerging Markets Index. For the 12-month period ending June 30, 2020, the Fund returned 1.44%, compared with a -3.39% return for its benchmark. Please note that this Fund has multiple share classes.

Market Overview

After getting hit especially hard in the first quarter, Emerging Market equities posted a return of 18.1% for the second quarter, their best quarterly rise in nearly eleven years. The rebound still left the MSCI Emerging Markets Index down by -9.8% for the year-to-date period. The massive economic policy responses to the pandemic-led recession, along with optimism that the global economy would bounce back quickly as lockdowns ended, drove the second quarter recovery in risk assets. A truce in the Russia-Saudi Arabia oil war helped the price of Brent crude oil recover significantly in the second quarter. In addition, a basket of MSCI EM currencies strengthened by 1.6% in the quarter.

Aggressive easing by central banks, led by the U.S. Federal Reserve (the Fed), has certainly dominated much of the narrative about financial market recoveries decoupling from struggling economies. But we would place equal, if not greater, emphasis on the key role that fiscal policy has played in this crisis. According to the McKinsey Global Institute, the collective response of fiscal authorities to the COVID-19 crisis has been unprecedented, with $10 trillion in economic-stimulus measures announced just in the first two months. That is three times more than the response to the 2008–2009 global financial crisis. The International Monetary Fund (IMF), in its June World Economic Outlook, estimated the fiscal policy response at $11 trillion, which is about 12% of global GDP.

The performance of emerging market equity sectors reflected growing confidence in global economic recovery with cyclical sectors like materials, energy, and consumer discretionary outperforming, while defensive sectors like consumer staples and utilities underperformed. On a regional basis, Latin America led the EM recovery thanks to its sensitivity to commodity prices. Asia and EMEA lagged slightly, although the Asian region remains the strongest performer on a year-to-date basis, thanks to the successful public health measures of China, South Korea, and Taiwan. Those three countries account for nearly 65% of the MSCI Emerging Markets Index.

Strategy

The Fund outperformed its benchmark during the period. Looking at performance on a sector basis, stock selection in the information technology sector was the

[1] Returns for periods less than one year are not annualized.
[2] Since the inception of the Fund on March 19, 2015.
[3] Effective January 31, 2019, the Fund's subadviser changed from Trilogy Global Advisors, L.P. to GW&K Investment Management, LLC. The Fund's name changed from AMG Trilogy Emerging Wealth Equity Fund to AMG GW&K Trilogy Emerging Wealth Equity Fund. Effective March 1, 2020, AMG GW&K Trilogy Emerging Wealth Equity Fund changed its name to AMG GW&K Emerging Wealth Equity Fund and AMG GW&K Trilogy Emerging Markets Equity Fund changed its name to AMG GW&K Emerging Markets Equity Fund.

AMG

largest contributor to relative performance, with German semiconductor manufacturer Infineon leading the way. Infineon performed well in response to several industry reports highlighting a positive outlook for electric vehicles, as well as the company's strong position in power semiconductors. Qualcomm was also a strong performer as the company is reported to be very well positioned in 5G, which continues to be rolled out globally. In addition, recent reports that Huawei may be in the process of considering the Qualcomm platform in the wake of the U.S. ban on HiSilicon chipsets has helped the stock's performance. Our holdings in the consumer staples, financials and communication services sectors also added to outperformance. These positives were partially offset by the Fund's consumer discretionary holdings. Sands China reported weak results with virtually all properties closed and opening to begin in the second half in phases. The dividend was also cut to preserve cash. Moving forward, we believe the company is very well positioned as the travel ban is lifted. Chinese online travel agency Trip.com was weak on concerns that emergency responses to local flare-ups of COVID-19 may slow the recovery of domestic travel.

Geographic highlights for the quarter include the positive impact of our Developed Market holdings Infineon and Qualcomm as discussed above. Although our holdings in Asia ultimately detracted from relative performance, stock selection was positive within China. Ping An Healthcare and Technology performed well as the number of online consultations increased materially in 2020, and government reimbursements are being rolled out in several provinces. The company has the most consultations by a factor of at least 4x the next competitor. Within India, Kotak Mahindra was weak after the company disclosed a cautious approach to the near-term opportunities in India with limited loan growth. In addition, the company issued shares to increase the capital base to help weather the near-term challenges and also capitalize on growth opportunities. Less exposure to the EMEA and LATAM regions slightly detracted from relative performance.

Outlook

The strong recovery in global equity markets is clearly driven by a combination of continued recovery in China, green shoots in both the U.S. and the European Union, and record low global interest rates. These green shoots are the result of global monetary and fiscal stimulus on a scale never before seen in modern history. In addition, there is a sense in markets that the efforts to develop a vaccine are progressing. Combining all of these factors (economic stimulus, green shoots, vaccine optimism and record low interest rates), investors have the foundation for a more constructive rationale for equity prices. In our judgment, the fact that China is experiencing a broadening recovery with more moderate fiscal and monetary stimulus than the U.S. and other EM countries provides more room for additional policy stimulus if needed.

China represents nearly half of the Fund portfolio, as we see a good combination of growth and attractive valuations. For the overall portfolio, the expectation now is for 18% earnings contraction in 2020 followed by a 42% rebound in earnings for 2021. Looking closely at the guidance and commentary from companies in our portfolio during 1Q20 earnings reports, we believe a strong rebound in earnings is likely for the balance of the year. The rebound is likely to be led by companies exposed to the Chinese economy. Valuation in the high teens on next year's earnings looks compelling.

Trading activity during the quarter resulted in the addition of four names. Alibaba Health Information Technology is a leader in healthcare content, data tracking, and services in China. The company is well positioned to benefit from government policy designed to improve the quality of healthcare services as well as access to healthcare services at reasonable cost. Specific services include data management, reimbursement, online prescription sales, annual check-ups through Meinian OneHealth, and additional value-added services.

Haidilao Int'l Holding, one of the most successful restaurant chains in China focused on Hot Pot cuisine, was also added during the quarter. The company has a deep supply chain with an emphasis on quality and is poised to gain share in the wake of COVID-19.

We added Foshan Haitian Flavouring & Food, a leading supplier of condiments including soy sauce, oyster sauce and flavoring. The company is gaining market share as a result of an emphasis on quality and automated production facilities.

Finally, China International Capital, a leading Chinese investment bank, was added to the portfolio. The company is well positioned to benefit from the transformation of capital markets in China, especially in the area of fixed income and derivatives where issuance is expected to expand materially over the next ten years.

We eliminated four names during the quarter including Sberbank, which was sold due to concerns about corporate governance. PT Bank Mandiri was eliminated due to concerns about deteriorating asset quality and risk of national service. Novozymes shares were sold due to valuation. And finally, Luckin Coffee was eliminated from the portfolio after the company disclosed that sales had been overstated, misleading investors about the profitability of the business model.

The views expressed represent the opinions of GW&K Investment Management as of June 30, 2020, 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 (%)[4] (as of 06/30/20)

Holding	% of Net Assets
Alibaba Group Holding Ltd ADR	8.69
Sands China Ltd	4.88
HDFC Bank Ltd ADR	4.58
QUALCOMM Inc	4.41
Yum China Holdings Inc	4.32
Trip.com Group Ltd ADR	3.98
Ping An Insurance Group Co of China Ltd, Class H	3.97
Infineon Technologies AG	3.89
AIA Group Ltd	3.82
Kotak Mahindra Bank Ltd	3.58
TOTAL %	46.12

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

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 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 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 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 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 security when converted back to U.S. dollars.

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.

Market prices of investments held by the Fund may fall rapidly or unpredictably due to a variety of economic or political factors, market conditions, disasters or public health issues, or in response to events that affect particular industries or companies.

The S&P 500® Index is a 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 MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of 24 emerging market country indices.

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. Please go to msci.com for the most current list of countries represented by the index.

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

Forward price/earnings (or P/E) ratio is a comparison of the company's closing stock price and its estimated 12-month earnings per share.

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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