Looking Forward

Friess Associates market observations and insights

June 30, 2016

Earnings, The Market's Most Persistent Theme

Obesity is a growing problem, and at least one asset management company hopes to "create value" through an exchange-traded fund, or ETF, consisting of companies oriented toward "different facets of obesity." The ETF launched in June under the ticker symbol "SLIM."

SLIM was one of four ETFs that debuted on the same day with the purpose of capitalizing on global demographic and consumer shifts likely to create opportunities for investors over the next "several decades." So, it's a long-term thing and, assuming you foresee continued expansion around the global waistline, you can become a thematic investor who doesn't need to sweat the details.

How fitting that it's barbecue season. Any grill jockey worth the price of an entry-level backyard smoker will tell you there's no such thing as "set it and forget it." Conditions, expectations and outcomes are all subject to change. An investment portfolio deserves every bit as much attention paid to it as a guy nicknamed Smokey is willing to dedicate to cooking brisket.

We're all for trends, of course. They're often great starting points that offer sizable pools of possibilities. We only identify investment targets after isolating the companies best positioned to capitalize on them. It's an ongoing, labor-intensive endeavor, and we think it's the most effective way to navigate what is an ever-changing backdrop.

Lest anyone think that the barbecue reference was setting up some sort of obesity crack, SLIM is not about making bets on junk-food purveyors. About $1 out of every $5 invested in the ETF buys shares of a German company that offers products and services for kidney dialysis. Almost the same amount goes toward shares of a Danish drug company with a focus on diabetes.

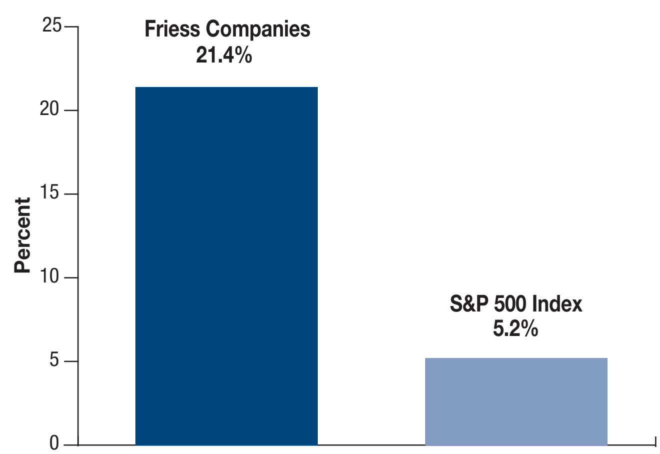
The fuller world of the future promises to be somewhat confusing if you put equal stock in two other ETFs the same company launched with the ticker symbols FITS and ORG. FITS and ORG are about people ostensibly seeking to avoid obesity and improve health through fitness and organic foods. About one-fifth of money invested in FITS and ORG goes into Nike and Whole Foods Market, respectively.

We respect the firm that introduced the ETFs and in no way mean to criticize it. We cite the ETFs to drive home a point (and their clever names help us do it in a more-colorful-than-usual way). You cannot invest in a theme.

Each company's ability to make the most of a big trend or a unique niche dictates its attractiveness as an investment, and that attractiveness fluctuates over time. For-profit companies demonstrate their level of success through earnings, which makes near-term earnings trends a central focus of the investment community's attention. We're not making a wild claim when we say we think it's best to hold companies that are poised to attract positive attention.

Even as different themes come and go, earnings endure to serve as the ultimate performance measure. Guess that makes earnings the market's most persistent theme.

Estimated Earnings Growth



Forecasted Increase in Earnings Per Share 2016 vs 2015

Source: Consensus estimates from FactSet Research Systems Inc.

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.

Although SLIM is a counterintuitive acronym that we assume was chosen to avoid offense, a few of us, let's just say, seasoned professionals would have appreciated similar consideration in the naming of the final ETF the same firm introduced in June: OLD.

We would be remiss if we didn't share our thoughts on Brexit, which has been interpreted as everything from a non-event likely to be nullified in practice to the very end of international trade as we know it. The range of possibilities defines the end result, which is uncertainty. As we all know, stock investors tend to lose their sense of commitment amid uncertainty, contributing to unpredictable behavior. Indeed, the CBOE Market Volatility Index, or VIX, surged 50 percent on the day it was announced that the citizens of the United Kingdom voted to renounce their membership in the European Union.

There's no choice but to wait and see. Europe's second largest economy is leaving the EU, likely to the U.K.'s detriment to some degree. To what degree hinges on how amicably the parties can manage Brexit and subsequently redefine the U.K.'s relationship with the remaining 27 member states. It's in the EU's best interest to do all it can to ensure this is a one-off occurrence. It will take years to appreciate Brexit's full ramifications, so investors need to accept that and digest related issues as they arise.

The market seemed to embrace that thinking in short order. By the end of June, the VIX was back below pre-Brexit levels, even trading below its year-to-date average. Major U.S. benchmarks, which retreated in earnest in the days following the news, were closing in on their previous progress in the same span. As always, earnings is our focus, and we've assessed all the companies that we hold along business lines and the geography of their revenue generation to gauge potential risks.

Activision Blizzard (page 4) is a good example of a company that we believe is unlikely to experience material ill effects from a change in Britain's EU membership status. The company sells video games with unfettered access to the European market, and gamers are increasingly accessing Activision Blizzard's content online. While there's risk that any company with European exposure could confront weaker economic conditions in the region, Activision Blizzard offers exceedingly popular media to a demographic that is dedicated to gaming as core entertainment.

Increasing adoption of digital downloads versus physical game cartridges is a big reason we like Activision Blizzard. The company generates 20 percent more gross profit from downloaded games than games it sells through traditional retail channels.

B&G Foods (page 4) is a company that is insulated from the European market because it doesn't do business there. The company sells shelf-stable foods with well-known brand names such as Cream of Wheat and Ortega, mainly in the U.S. and Canada. In its most aggressive acquisition yet, B&G Foods purchased Green Giant.

Acquired in September, the former unit of General Mills that sells canned and frozen vegetables is already contributing to its new parent company's profitability. Management at B&G Foods moved quickly to shift production to a lower-cost facility in Mexico with ample untapped capacity. Related cost savings helped B&G Foods exceed the consensus earnings estimate by 27 percent in the March quarter.

Black Knight Financial (page 5) is a domestically focused maker of mortgage loan servicing software. A stricter regulatory environment is driving demand among mortgage originators for end-to-end, standardized solutions such as Black Knight's platform. Recent customer wins include PNC Bank and Bank of America. We've held Black Knight since it was spun off from Fidelity National Financial more than a year ago, and Black Knight exceeded the consensus earnings estimate in each quarter that it reported since then.

Also domestically focused, UnitedHealth Group (page 5) is coming up on the first anniversary of its acquisition of Catamaran, a competitor in the pharmacy benefit manager (PBM) segment. Benefits of the combination, including negotiating leverage, pricing competitiveness and service offerings, are already on display.

The company's PBM unit, OptumRx, recently won multiyear contracts to manage pharmacy benefits for state retirees in California and Texas. Continued inroads in the PBM space give UnitedHealth, a diversified health care company, the opportunity to cross-sell other services such as health insurance and health care technology.

Overall, the average Friess holding is expected to grow earnings 21.4 percent this year, or more than four times the average rate of the S&P 500 Index.

Thank you for your confidence in our research-driven investment approach and the team that employs it. All of us here at Friess Associates consider it an honor to serve you.

Scott

Scott Gates
Chief Investment Officer

Seeking Companies that Invest in Themselves Wisely

Last year companies bought back their own shares at an amount that was 40 times higher than the year before and rapidly approaching all-time highs. While buybacks are often perceived to signal that management believes there's upside to the company's stock price, it's just one of many means of deploying excess cash.

We look closely at how capital is allocated, searching for balanced approaches that support sustainable fundamental improvements. Whether it's making sure a company generates adequate cash flow or cross-checking our research with customers, competitors and suppliers, all our efforts are aimed at finding companies with underappreciated earnings potential.

When a company buys back its own shares, it reduces the number of shares outstanding, resulting in a higher earnings-per-share calculation. We consider "growth" generated from fewer shares much differently than higher profits earned via increased sales.

The surge in buyback activity is noteworthy because it coincides with increased corporate debt spurred by low borrowing costs. The combination could challenge earnings sustainability should global growth slow. Moreover, buyback plans can be as steady as quarterly dividends or completely opportunistic at management discretion, making their timing very important.

A longstanding Dow component spent more than $8 billion buying back shares over the past three years. During that time, its shares fell by a double-digit percentage. We'd note that we've held the company in the past, it operates in a highly cyclical industry and its management team is solid. Stocks don't always cooperate with buyback intentions.

Another Dow component bought back more than $12 billion in stock in 2007, right before the market crashed. It sold $600 million of its own shares in 2009, at the very start of an extended bull market run.

Companies consistently growing their bottom lines achieve success by allocating cash in a way that is most beneficial to future results. We look for management teams with proven decision-making track records, whether it's previous success deleveraging, experience with new technologies or proven abilities to find and integrate strategic acquisitions.

Beacon Roofing Supply is the largest publically traded distributor of roofing materials in the U.S. and Canada. In a fragmented industry, the company completed roughly three dozen acquisitions since its IPO in 2004 and opened 70 new locations. The most recent quarter demonstrates the company's ability to allocate capital prudently: In its weakest quarter from a seasonal perspective, Beacon posted 28 percent organic growth and record quarterly sales.

Broadcom Ltd. was formed earlier this year when Avago purchased Broadcom for $37 billion in cash and stock. The company is continuing a capital allocation strategy Avago put in place before the merger, paying down debt and diversifying its customer base through acquisitions with the aim of steadily returning capital and value to shareholders.

Management is looking to de-lever and take net debt to equity from 46 percent this year to 26 percent in 2017. At the same time, Broadcom continues to seek smaller acquisitions and pays a dividend representing a yield of 1.5 percent.

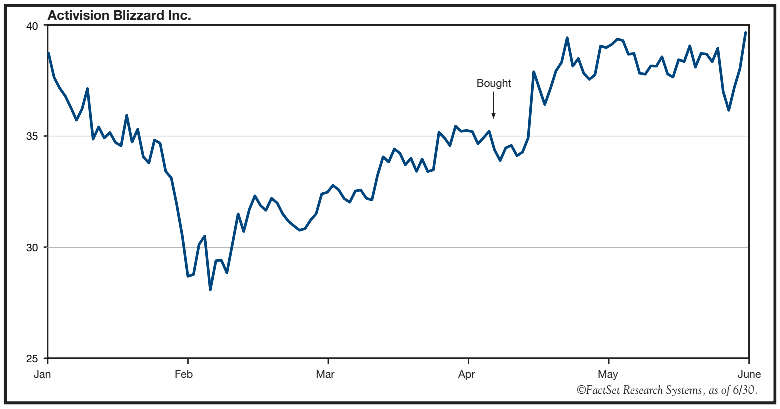
We consider "growth" generated from fewer shares much differently than higher profits earned via increased sales.

VCA operates the largest network of veterinary laboratories and hospitals in the U.S. and Canada. March-quarter earnings grew 32 percent, beating the consensus estimate, and the company raised 2016 guidance. Organic growth in the company's animal hospital division grew 7.6 percent despite facing its toughest year-ago comparison in more than seven years. Increased volume at the company's lab segment, where the cost of administering additional tests is low, pushed gross profit margins up 2 percentage points to 53 percent.

In late June, VCA increased the size of its credit facility by $300 million. With strong cash generation and considerable balance sheet flexibility, we believe the company is positioned to continue pursuing strategic acquisitions.

Our approach is focused on finding companies best able to transform fundamental improvements into future earnings growth. Market-leading companies do not only achieve success by making money in a given quarter. Companies need to be judicious with their cash, consistently putting it to work in product development, personnel and technology in a way that positions them to reap rewards for years to come. Their future success depends on how they manage the capital they accumulate over time.

Activision Blizzard Inc., ATVI



With the latest-generation gaming consoles from Microsoft and Sony now entering their third year, game publishers are finding a larger-than-ever installed base of gamers. Activision is capturing their attention with a strong lineup of new titles. At the same time, its recent acquisition of King Digital adds considerably to its mobile gaming presence.

Nasdaq-listed Activision Blizzard Inc. is the world's largest publisher of video games for personal computers, consoles, handheld gaming devices and other mobile devices. Including King Digital, the company now serves 547 million active monthly users, more than Twitter, Spotify and Netflix combined. Activision's games are sold through retailers and digitally. *Call of Duty: Black Ops III* was the top-selling console game last year. *Overwatch*, released in late May, quickly topped 10 million players, making it one of the most successful launches in the company's history. Revenue was $4.8 billion in the 12 months through March.

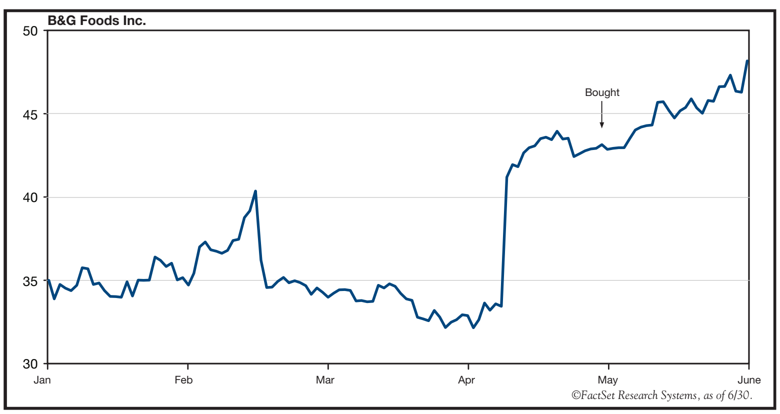
March-quarter earnings grew 43 percent, exceeding the consensus estimate. Revenue increased 29 percent. Results were driven by the company's *Call of Duty* franchise and record digital sales aided by King Digital.

Gross profit margins are roughly 20 percent higher on digitally downloaded games than those purchased in a store. Additionally, multi-player online games like *Overwatch* and *World of Warcraft* offer recurring revenue through digital expansion packs, creating greater visibility and less dependence on game release schedules.

Your team spoke with Facebook management regarding its decision to team up with Activision and broadcast an "esports" network on its social media platform. Esports is focused on fast growing professional gaming competitions, where gamers compete against each other for prize money. *Overwatch* was designed from the ground up to be suitable for esports.

Based on the consensus estimate, Wall Street expects Activision to finish 2016 with 40 percent earnings growth.

B&G Foods Inc., BGS



B&G Foods acquired Green Giant last September. A hovering share price in the months that followed showed a wait-and-see approach among investors as to how the company might digest the former General Mills unit that sells canned and frozen vegetables. Amid recent evidence that Green Giant is contributing to wider profit margins, B&G Foods could be positioned to sprout.

NYSE-listed B&G Foods Inc. makes branded, shelf-stable foods distributed in the U.S., Canada and Puerto Rico. Its product portfolio includes Cream of Wheat cereal, Mrs. Dash seasoning, Ortega taco fixings and Pirate's Booty snacks. Revenue grew 27 percent to $1.1 billion in the 12 months through March, aided by acquisitions such as Green Giant and the pizza crust brand Mama Mary's.

While B&G Foods boasts a track record of acquiring and revitalizing well-known brands, the $765 million Green Giant purchase is viewed as potentially transformative due to its size. Your team spoke to Chief Executive Robert Cantwell about the company's public revenue guidance for Green Giant, at more than $500 million in annual sales, and opportunities that exist to realize cost savings. After assessing facilities, B&G Foods allocated increased production to a lower-cost plant in Mexico.

Benefits were evident in the company's March-quarter results. B&G Foods grew March-quarter earnings an acquisition-boosted 71 percent, exceeding the consensus estimate by 27 percent. Better-than-expected profitability at Green Giant via reduced production costs was a major positive influence. Scale-related purchasing savings and lower commodity costs also aided results.

We believe B&G Foods is in the early stages of realizing Green Giant synergies, and continued cost saving positions B&G Foods to invest in future growth through product innovation and marketing. Based on the consensus estimate, Wall Street predicts B&G Foods will grow earnings 39 percent this year.

Black Knight Financial Services Inc., BKFS

We purchased Black Knight when it was spun off by title insurance provider Fidelity National Financial. The company beat consensus earnings estimates by an average of more than 10 percent each quarter since. Demand for Black Knight's loan servicing software is up amid expanded regulatory oversight, positioning the company to cross-sell other services to a growing customer base.

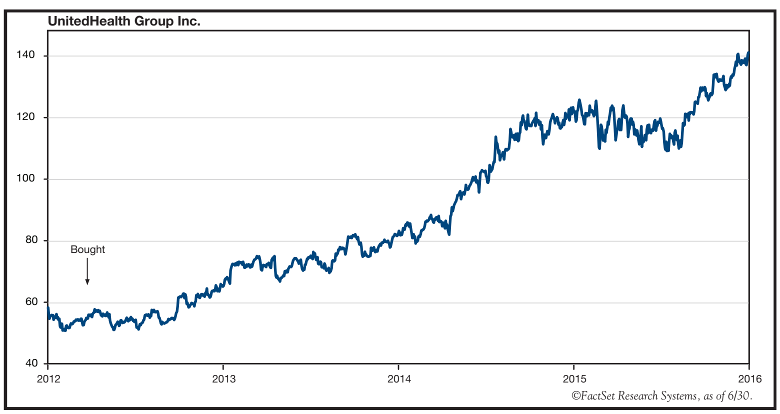
Nasdaq-listed Black Knight Financial Services Inc. provides software solutions that support and automate processes throughout the mortgage lifecycle, including loan servicing and originations. Roughly 60 percent of Black Knight's revenue is from MSP, the company's mortgage loan servicing platform. The rest of revenue is divided among services in origination, default processing, and data and analytics.

March-quarter earnings grew 35 percent amid new client wins and implementations. Increasing regulations and the need for standard compliance solutions following the credit crisis contribute to demand for scalable, mission-critical technology services to the mortgage industry. The company announced PNC Bank signed a contract to use its Empower platform, which expands MSP to include both mortgage and home equity origination. Putting second-lien mortgages onto MSP enables banks to reduce costs by eliminating duplicate systems.

Your team spoke with Chief Financial Officer Kirk Lawson about pending regulations. The Consumer Financial Protection Bureau recently finalized a rule that requires lenders to shed more light on mortgage credit data by updating the reporting requirements of the Home Mortgage Disclosure Act. It is currently set to go into effect in 2018.

Black Knight in June announced that Bank of America will adopt the MSP platform. The bank is the third-largest servicer in the U.S., and the installation will likely take more than a year. In the meantime, analysts expect Black Knight to grow earnings 19 percent in 2016.

UnitedHealth Group Inc., UNH



The California Public Employee Retirement System in May announced that it selected a new company to manage its pharmacy benefit plan. The next day, the Texas Employee Retirement System informed its members that it did the same. Both systems chose UnitedHealth Group's OptumRx unit, creating multiyear contracts worth more than $10 billion combined. Not a bad week.

NYSE-listed UnitedHealth Group Inc. is a diversified health care company that serves 87 million people through a network of roughly 6,000 facilities. Its UnitedHealthcare segment is the nation's largest health insurer. The company provides direct care to employers and government entities through OptumHealth. OptumInsight offers health care technology and consulting services. OptumRx is UnitedHealth's pharmacy benefit management (PBM) business. Total revenue grew 23 percent to $166 billion in the 12 months through March.

OptumRx became one of the largest PBMs last year when it increased the number of prescriptions it handles by three-fourths via the acquisition of competitor Catamaran. Greater scale increased negotiating leverage with drug makers and positioned OptumRx, as the May contract wins demonstrate, as an attractive option on price and service even among the biggest and most sophisticated purchasers of health benefits.

UnitedHealth predicts the PBM market will reach $400 billion in 2020, or four times its size in 2014. In addition to the expanding PBM market, the UnitedHealthcare unit is stocked with opportunity to increase market share. Company management reported that about three-fourths of its health insurance enrollment is contracted with other PBMs, and OptumRx's bolstered competitive position enables it to vie for that business.

UnitedHealth grew March-quarter earnings 24 percent, exceeding the consensus estimate. The three businesses under the Optum umbrella drove performance, with revenue for OptumHealth, OptumInsight and OptumRx up 22, 20 and 72 percent, respectively. Based on the consensus estimate, Wall Street predicts UnitedHealth will grow earnings 22 percent this year.

An Active Discussion about Indexing's Small Problem

Small companies play a big role in our investment process. In addition to being candidates for the small- and all-cap portfolios we manage, they're a vital research resource due to their position on the economy's leading edge. Insights we gather at the small-cap level regularly prove useful even in our investigations into the market's largest companies.

Research among smaller companies can make a real difference for active, bottom-up investors like us. That's why we're surprised to see an increasing willingness in the indexing crowd to try to push the indexing argument far into the small-cap space. While we believe every market-cap category offers opportunities to outperform through active management, we think investing through an index-based, small-cap product means ignoring some of the clearest signals the market offers to pick one stock over another.

The emergence of exchange-traded funds, or ETFs, is a major factor in the growth of small-cap indexing strategies. The iShares Russell 2000 ETF, the largest small-cap ETF by assets under management, is the ninth largest among all U.S. equity ETFs and the third most active ETF by average daily volume, according to the ETF Database. Small-cap ETFs attracted $23 billion in inflows over the past five calendar years, bringing them to nearly 20 percent of aggregate small-cap assets, data compiled by Jefferies show.

The problem with blindly buying a version of the Russell 2000 Index is that the construction of the index doesn't incorporate quality measures. FTSE Russell, the company responsible for Russell U.S. equity indexes, populates its benchmarks through a process that typically begins in late May, when it ranks the thousands of securities that comprise the U.S. equity market by market cap to create the Russell 3000E Index. Then, on the last Friday in June, FTSE Russell initiates what it calls reconstitution, when it unveils results from subdividing the Russell 3000E Index into smaller indexes by market cap and style.

The Russell 3000 Index is the most encompassing of the group, consisting of the 3,000 largest companies and capturing 98 percent of the total market's capitalization. The Russell 2000 Index is assigned companies that rank in size from #1,001 to #3,000 or, said another way, the 2,000 smallest companies from the Russell 3000 Index. A closer look shows that quality deteriorates as you descend the market-cap ladder.

If you lend any credence to the idea that an informed investor can pick stocks based on their individual merits, then you must appreciate the role that earnings play as an influence on stock prices. Public corporations are in the money-making business, so their performance is ultimately measured by the profits they generate for shareholders. It's the reason market strategists share their expectations for aggregate earnings performance before they reveal their forecasts as to where they believe market barometers will be from one year to the next.

One out of every four companies in the Russell 2000 Index is, as Donald Trump might say, a loser. Using the index's composition as of June 24, 2016, 26.1 percent of the companies in the index for which there was comparable data reported a loss for calendar year 2015, according to FactSet Research Systems. That might be understandable were the economy gripped in the throes of recession, but GDP grew 2.4 percent last year. Based on consensus estimates, analysts expect 26.5 percent of the index companies to lose money this year.

Losses are a Common Characteristic

Companies w/2015 Losses	Companies w/2016 Losses (est.)
26.1%	26.5%

Source: FactSet Research Systems Inc.

The indexing counterpoint is that indexes are market-cap weighted, so prevalence doesn't necessarily make the trend a material performance force. But statistics compiled by Jefferies show that money-losing companies wield considerable heft. The firm identified "non-earners" as companies with forecasted losses for the forward 12 months. At the end of April, companies comprising 21.9 percent of the Russell 2000 Index's total market cap fell into the "non-earner" category.

We also believe there's benefit to isolating companies that positively surprise the investment community, which is another area where smaller companies offer potential. Data compiled by Bank of America Merrill Lynch show that earnings estimates in the small-cap space tend to vary more than large-cap estimates. Over the past 10 calendar years, dispersion among analyst earnings estimates for the forward 12 months was 50 percent greater, on average, in the small-cap category compared with the large-cap category.

We don't believe in accepting what any index happens to offer. Thanks for embracing our active, fundamentals-based style.

The stocks of small capitalization companies often have greater price volatility, lower trading volume and less liquidity than the stocks of larger, more established companies.

On the Cutting Edge

Examples of innovative and interesting ideas that cross your team's radar screen make it into this column each quarter. The chance to capitalize on investment opportunities related to them may lie in the future or may never materialize.

Plastics, My Boy…Plastics Coated with Silica Nanoparticles

Good old polypropylene. It's really hard to knock a near-ubiquitous thermoplastic polymer, found in packaging, car parts, toys, carpeting, lab equipment and even long underwear, among many other applications. Polypropylene is really big in reusable containers, too, and that's where some people or, more specifically, researchers at The Ohio State University think the plastic could improve. The researchers know how frustrating (and wasteful) it can be to wrestle with a shampoo or ketchup bottle for the last of its contents, and they are dedicated to reducing the tension underlying such situations. The tension in this instance is surface tension between polypropylene bottles and the stuff inside them, and the solution is a microscopic lining that can serve as a slick, fluid-freeing buffer. Environmentally friendly silica nanoparticles form the coating, which researchers hope will aid in recycling by making bottles easier to clean. Researchers also see potential in biomedical devices and other applications for which cleanliness is paramount.

No Need to Get Hot – Just Shake it Off

When it comes to the efficient use of time and energy, traditional clothes dryers might just be all wet. Researchers at the Oak Ridge National Laboratory in Tennessee are taking aim at heating element-based dryers and the roughly $9 billion a year Americans spend to run them with an alternative that they say can do the job cheaper, better and in half the time. A standard dryer uses heat to evaporate water from clothing, an energy-intensive process that causes damage as evidenced by lint and fading. At Oak Ridge, researchers are testing ultrasonic drying, which uses electric transducers that produce sounds so high-pitched that they cause wet fabric to vibrate forcefully enough for water to be extracted in cold air. The sound is imperceptible to people and pets. The ultrasonic dryer's developers estimate that it is three to five times more efficient than traditional dryers while being gentler on clothing. A consumer model could still be five years away. The folks involved hope to bring ultrasonic dryers to market at a price comparable with premium traditional dryers with the help of a commercial partner.

Help for Hand Tremors

Faii Ong was tending to an elderly female patient when he realized that her recent weight loss was related to hand tremors that made eating a challenging task for her. He thought about the stabilizing effects of the gyroscopic toys he played with as a boy, and the inspiration for London-based GyroGear was unleashed. GyroGear is developing the GyroGlove, a hand-worn device that the company hopes will provide drug-free relief to people suffering with essential tremors and Parkinson's disease. The GyroGlove is an electric gyroscope that is worn on the back of the hand via a glove-like harness. The action of the gyroscope offsets involuntary tremors, allowing someone wearing the GyroGlove to maintain a level hand. The prototype reportedly reduced simulated hand tremors by more than 80 percent in lab testing. GyroGear hopes to be in a position to start taking orders by the end of 2016.

See-Through Armor

Tanks make no apologies. They are big, powerful machines equipped with massive firepower, and they are armored to the hilt in order to protect their occupants. That armor often restricts visibility as some tank designs force crew members to use cameras and periscopes with limited fields of vision. Opening a tank hatch to survey the landscape firsthand exposes a crew to potential harm. Elbit Systems, an Israel-based defense electronics company, thinks the way around those limitations is to make tanks completely see through – from the inside, of course. The company's IronVision Helmet-Mounted System borrows technology originally developed for fighter pilots to provide tank crews with 360-degree views of the outside world. Sensors, software and video combine to create what Elbit calls See-Through Armor (STA) technology. STA visors provide real-time, high-resolution images employing distortion technology to prevent interruption. The system also includes night-vision and target-tracking capabilities.

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Earnings growth rates quoted refer solely to the estimated earnings growth rates of the average investment holding of Friess Associates based on consensus estimates and are not predictive of future performance. Past performance does not guarantee future results.

As of June 30, 2016, Activision Blizzard Inc., B&G Foods Inc., Beacon Roofing Supply Inc., Black Knight Financial Services Inc., Broadcom Ltd., UnitedHealth Group Inc. and VCA Inc. represented 1.87, 1.57, 1.71, 1.45, 2.02, 1.82 and 2.22 percent of AMG Managers Brandywine Fund's assets. AMG Managers Brandywine Blue Fund held Activision Blizzard, Broadcom and UnitedHealth at 2.00, 2.04 and 2.55 percent of assets. AMG Managers Brandywine Advisors Mid Cap Growth Fund held Activision Blizzard, B&G Foods, Beacon Roofing Supply, Black Knight Financial Services, Broadcom and VCA at 2.05, 2.08, 2.34, 2.92, 2.15 and 3.44 percent of assets. 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 Russell 2000® Index consists of domestic small-cap stocks. It measures the performance of the 2,000 smallest publicly traded U.S. companies in the Russell 3000® Index. The CBOE Volatility Index is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. These indexes are unmanaged, unavailable for investment and do not incur expenses. Friess Associates LLC serves as the subadvisor to certain mutual funds advised by AMG Funds.

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