Looking Forward

Friess Associates market observations and insights

December 31, 2016

In Uncharted Territory, Investors Should Rely on Earnings for Direction

Dow 20,000 became the market's post-election preoccupation as the Dow Jones Industrial Average raced to flirt with the milestone in the year's waning weeks. Alas, it was not meant to be in 2016.

It will be at some point. Whether it happens before this report reaches you or the level lingers as a stubborn area of resistance for years, we can say with abundant confidence that the Dow will breach the mark. Details on how that comes to pass, however, are sketchy.

That's because, in spite of historical parallels that can be drawn, the forces that push market barometers in one direction or the other are amorphous. Granted, the Dow is a collection of just 30 stocks, but its fluctuations still serve as a proxy for the market's mood. Sentiment is ultimately ruled by a shape-shifting, near-limitless collection of data points.

It's far less complicated on the individual-company level and, we believe, more useful from an investment perspective. As we start 2017, marking the ninth calendar year touched by history's second longest bull market, the extended run for stocks appears headed for increased volatility. The CBOE Market Volatility Index's low point for 2016, which occurred on December 21, was only 9 percent away from matching the most tranquil day to pass for the index since the March 9, 2009 market low.

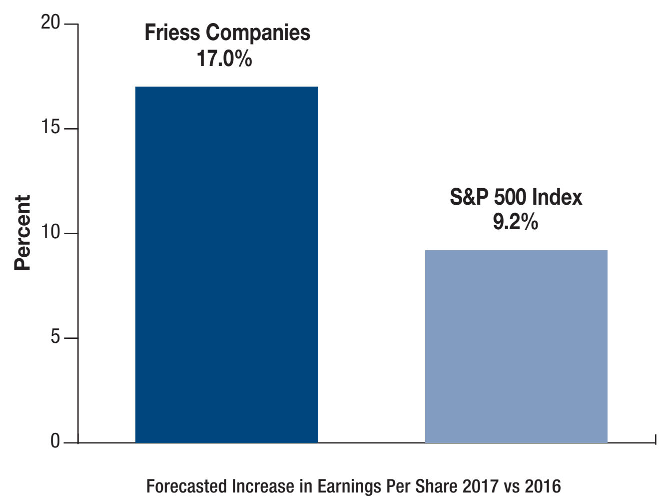
A sampling of potential volatility triggers, including higher interest rates, wage pressure and as-yet-unknown changes to international trade relationships, to name a few, reads like a checklist of "pros" in favor of active management. Correlation among stocks falls as volatility rises, generating more opportunities to outperform through stock picking.

Even generalizations about the current state of stocks themselves make the case for a selective approach. Valuations are high. Earnings look weak. Neither is universally true. Given the backdrop, exceptions should draw positive attention. That's encouraging to us because our investment approach, at its core, is a search for exceptional companies.

One of the most celebrated events from the longest bull market on record (1987 to 2000) was the Dow reaching five figures for the first time when it crossed 10,000 in March 1999. It's important to remember that the average subsequently faltered before getting back above 10,000 in 2003 and again at the start of the current rally in 2009. While investors aren't exactly partying like it's 1999, one could argue that some of the dance moves look similar.

That doesn't mean we believe the stock market is poised to fall. We just think the sort of widespread agreement among investors that is required to propel the market higher year after year for so long will eventually ebb. For one reason or another, it always does. Surprises in both directions increase as the range of investor expectations expands, and surprises can be good when you perform the bottom-up research needed to be on the right side of them.

Estimated Earnings Growth



Source: Consensus estimates from FactSet Research Systems Inc., as of December 31, 2016.

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.

The broader earnings environment appears to be moving in the right direction after stalling for much of 2015 and 2016. Consensus estimates, according to a December 23 report by FactSet Research Systems, forecast that earnings for the companies in the S&P 500 Index will

FRIESS ASSOCIATES

TIME TESTED • RESEARCH FOCUSED

show 3.2 percent earnings growth when fourth-quarter results are reported in early 2017.

Should the index post earnings growth for the fourth quarter, it will represent the first time the S&P 500 Index grew year-over-year earnings in back-to-back quarters since the last quarter of 2014 and the first quarter of 2015, according to FactSet. Still, more than twice as many companies from the index issued negative preannouncements (77) than positive guidance (34) at the time of the report.

Analysts expect the pace of growth to build in 2017. Based on the consensus estimate, the S&P 500 Index is expected to grow earnings 9.2 percent in 2017. Analysts predict the average company held in Friess-managed portfolios will grow earnings 17.0 percent during that time. We aim to isolate companies that exceed expectations, so the growth rate would be higher using our internal forecasts.

During the course of our company-by-company research, we were able to determine that the avocado is a fruit. More importantly, it's a fruit for which growing demand shows no sign of abating, and we believe Calavo Growers (page 4) will continue to capitalize on the trend. Americans consumed an estimated 2.2 billion pounds of avocados in 2016, and forecasts predict another 200 million pounds will be added to the total in 2017.

Calavo Growers enjoys distinct advantages, including market-share leadership in the United States and access to key supplies in California and Mexico. Efficiencies in packaging and distribution help speed delivery and contain costs, while value-added products such as premade guacamole for restaurants provide revenue streams that are less sensitive to commodity pricing. Calavo beat expectations with 89 percent earnings growth in its most recent quarter.

Earnings for Electronic Arts (page 4) appear poised to accelerate thanks to the anticipated impact of new videogame releases made in plenty of time to benefit from holiday demand. The company, which is responsible for storied franchises such as Madden NFL and The Sims, released Battlefield 1 and Titanfall 2 in October.

New demand drivers are exciting at this juncture because Electronic Arts is delivering more of its game content via digital downloads rather than physical discs, with the latter generating production, distribution and packaging costs. After no growth in the first half of its fiscal year ending March 2017, analysts predict Electronic Arts will grow year-over-year earnings 25 percent in the three months through December and 64 percent in the three months through March.

Nvidia Corp. (page 5) made a name for itself through videogames by producing what became highly sought after graphics processors for computers and game consoles. Today, forces are converging that expand potential demand for the company's graphics processing units (GPUs) to include fast-growing, multibillion-dollar markets driven by cutting-edge advances in technology.

In addition to videogames, Nvidia is targeting virtual reality, artificial intelligence and self-driving cars as key markets for its GPUs, which are uniquely suited versus more traditional chipsets for the special challenges presented in these areas. Nvidia exceeded October-quarter estimates with 89 percent earnings growth.

While Ulta Beauty (page 5) embraces technology in its marketing to key customers, the company recognizes that its brick-and-mortar stores are critical to its success. The company's strategy views beauty product shopping as experiential rather than transactional and, as a result, Ulta stores stress prestige brands in merchandise and signage, include in-house salons that drive repeat traffic and stock everyday beauty items that its customers replenish on a regular basis.

Ulta cultivates a core customer base that it refers to as "beauty enthusiasts." According to Ulta, 91 percent of its customers own more than five makeup brushes, 77 percent own more than 11 lip products and 68 percent own more than two curling irons. Their enthusiasm benefits the bottom line. Ulta exceeded the consensus estimate for the 12th straight quarter with 26 percent earnings growth in the three months through October.

Discussing 20,000 would have been hard to imagine back in mid-January 2016 when the Dow was off to a historically bad start. Twelve months later, companies appear to be climbing out of an earnings slump just as a new administration promising a business-friendly climate – marked by tax cuts, looser regulation and fiscal spending – moves into the White House. We look forward to the year ahead.

Thanks for your continued confidence. We're excited about the companies that we hold on your behalf.

Scott

Scott Gates
Chief Investment Officer

Pricing Re-Energizes the Outlook

It was a year of extremes for crude oil prices. After plummeting to multi-year lows near $25 per barrel early on, prices recovered to 2009 levels by the end of 2016. The 2017 forecast rose during the holidays after OPEC members agreed to reduce their cumulative output by 1.2 million barrels.

Investing in energy stocks in this environment remained challenging, but as the year progressed our research determined that risk-reward scenarios were becoming more favorable for some companies in the sector. Energy potentially represents one of the few economic sectors showing markedly improving fundamentals.

Crude prices nearly doubled in 2016 as U.S. production retreated and stabilized at depressed levels after supply surged and prices fell. In May, domestic drilling fell to the lowest level observed in more than 75 years of records. The U.S. rig count fell to a low of 316, down from its 1,609-rig peak in October 2014. While the timing is still uncertain, we believe some companies that were able to weather the downturn enjoy considerable upside leverage should a lasting rebound take hold.

Improving prices are more meaningful to some companies than others. Chesapeake Energy looks better than it did a year ago when a majority of analysts rated the company's shares a "sell" due to balance sheet risk. The company was an active participant in the land grab around emerging shale formations, as new drilling techniques and high natural gas prices made the economics attractive.

In 2015, Chesapeake wrote off assets totaling more than $10 billion. The company ended 2016 near a new 52-week high as asset sales in early December helped it reach roughly $2 billion in proceeds from divestitures either signed or closed during the year. The sales allowed the company to reduce net leverage while improving liquidity and cash flow.

Nabors Industries, which operates the world's largest land-based drilling fleet, could be well-positioned. The company's newly built rigs incorporate its "Rigtelligent" operating system that automates routine tasks and integrates down-hole processes, resulting in lower headcount, better safety and faster results. We believe the company's differentiated strategy will lead to higher day rates for its rigs as the environment normalizes.

Supplying sand for oil-field fracking is one of the higher-growth businesses in the oil services sector. Demand for sand is projected to increase 82 percent in 2017 due to more drilling and greater sand use per well. With an industry leading strong balance sheet, enviable raw assets and differentiated logistics capabilities, we believe Silica Holdings is positioned to profit from this trend.

Analysts expect the company to grow operating income from $15 million in 2016 to $477 million in 2018. Production costs for nearly 80 percent of Silica's sand capacity stand below $15 a ton, making its mines some of the most efficient in the industry. In addition, Silica's enjoys a strong balance sheet in an industry group widely struggling with debt, giving the company to ability to pursue acquisitions.

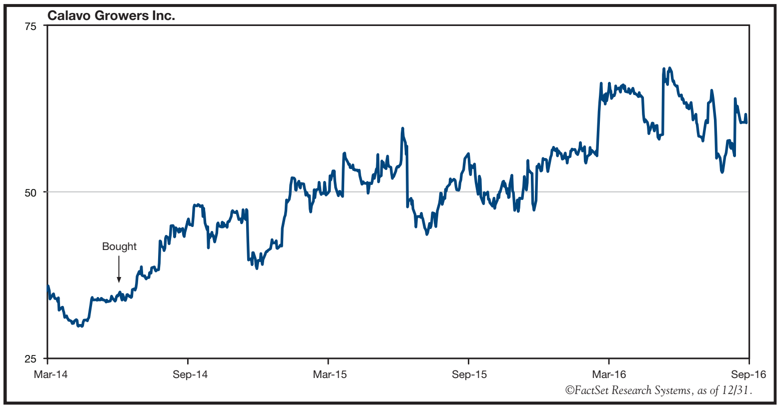
When it comes to energy costs, few other macro-economic forces are as far-reaching in their ability to impact company operations. Macro-level events, like the political tumult in oil-rich nations, can quickly make their presence known in line items on financial statements. As prices for basic materials rise and fall, picking the right investments requires understanding related challenges and opportunities. While investors often shy away from airlines when fuel costs are on the rise, our research shows that certain carriers wield the pricing power to pass higher costs through to passengers.

American Airlines Group recently revised its fourth quarter unit revenue forecast higher, attributing the results to positive trends in pricing. The upside in unit revenue is due to limited capacity growth across the industry and the fact that many airlines, including American, are largely un-hedged to fuel costs at this point in time. American also benefits from post-merger cost efficiency gains and lower spending on new aircraft.

Though it's an early-stage assessment, current trends contribute to an energy-sector outlook that represents a marked improvement over conditions in recent years. We're not drawn to the sector based on a particular commodity price threshold or forecast. Instead, should prices continue to occupy a more stable range that fosters better profitability in the group, we're likely to increase our individual-company assessments in the space in search of opportunities with the best company-specific attributes.

While energy holdings still account for a limited percentage of overall assets, we believe select companies from the sector could emerge as notable contributors in the year ahead. Using individual-company fundamentals as our guide, we'll continue to identify the companies that we think can make the most of the situation.

Calavo Growers Inc., CVGW



Consuming more fruit isn't a high-growth theme for most investors. Known for its somewhat ugly exterior and health-boosting interior, one particular fruit is setting new records. It's predicted that the avocado industry could see volume increase by more than 200 million pounds in 2017. That's good news for Calavo Growers, the largest avocado supplier in the U.S.

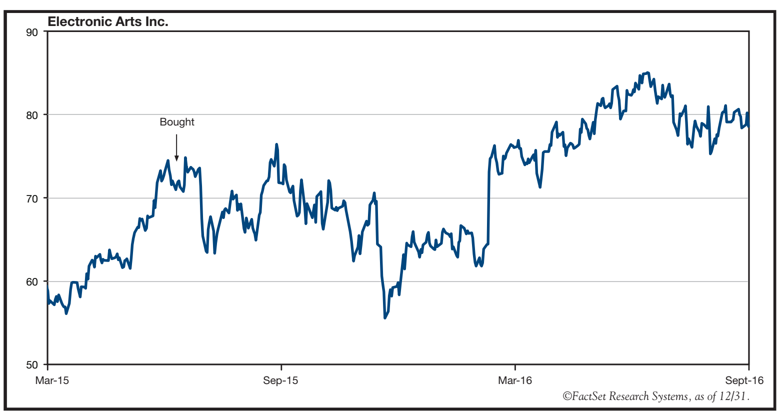
Nasdaq-listed Calavo Growers Inc. is a global leader in the avocado industry and an expanding provider of value-added fresh food. Through its Fresh Products, Calavo Foods and Renaissance Food Group (RFG) segments, the company packages and distributes avocados and other fruits. It also makes fresh prepared foods such as guacamole for restaurants and food stores. The company owns a 47 percent interest in FreshRealm, a growing e-commerce meal kit and delivery platform.

October-quarter earnings grew 89 percent, beating the consensus estimate. Sales jumped 19 percent as investments in procurement in Mexico helped capitalize on secular trends for healthy and convenient eating. Avocado volumes in the company's Fresh division were down 27 percent during the quarter due to a pickers strike in Mexico, but continued strength in consumer demand allowed for significantly higher prices and profit margins. The Calavo Foods segment enjoyed its strongest growth in two years while RFG continued to produce double-digit sales growth.

Calavo's growth profile is particularly impressive given the expenses the company has incurred. For example, it recently expanded manufacturing and distribution infrastructure in Florida, Texas and Jalisco, Mexico. At the same time, its sourcing options and different growth platforms helped reduce its dependence on volatile commodity prices.

The consensus estimate predicts Calavo will grow earnings 24 percent in the January quarter.

Electronic Arts Inc., EA



With traditional gaming consoles under attack from emerging gaming technologies, software makers have been forced to innovate. Electronic Arts (EA) is demonstrating its ability to adapt as digital sales grow in importance and new titles for next generation consoles exceed expectations.

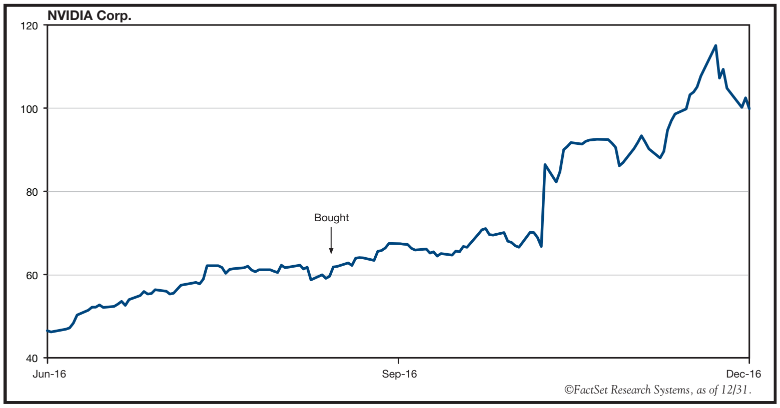
Nasdaq-listed Electronic Arts Inc. is a global leader in digital interactive entertainment. The company delivers games, content and online services for Internet-connected consoles, personal computers, mobile phones and tablets. EA has more than 300 million registered players around the world and is recognized by its portfolio of blockbuster brands, including The Sims, Madden NFL, EA Sports, FIFA and Battlefield. Revenue grew 8 percent in the 12 months through September to $4.5 billion.

September-quarter earnings exceeded estimates, marking fourteen consecutive quarters of beating or meeting consensus expectations. Sports titles, continued online momentum and growth in mobile gaming platforms drove results..

In addition to focusing on its core sports and action titles, EA has created a thriving app-based business based on in-game advertising, in-game purchases and premium mobile games for purchase. Mobile sales grew 22 percent year-over-year. Forward guidance was also revised higher, partly due to holiday trends for Battlefield 1 and Titanfall 2, which were both released in late October.

Nonexistent just a handful of years ago, digital sales now account for more than half of EA's revenue. Digital sales contribute to higher profit margins, as manufacturing, packaging, and distribution costs are reduced. Additionally, titles like the Battlefield franchise require a monthly subscription to play with other gamers online. Subscriptions create a more visible revenue stream and extend the life expectancy of titles as gamers stay engaged for longer.

Nvidia Corp., NVDA



For most of its 18 years as a public company, investors viewed Nvidia as a cutting-edge company with a narrow focus. It wasn't clear how specializing in graphics processing might take the company beyond key markets such as computers and video game systems. Turns out Nvidia envisioned something bigger all along, and it looks like investors now see the company's future as far from limited.

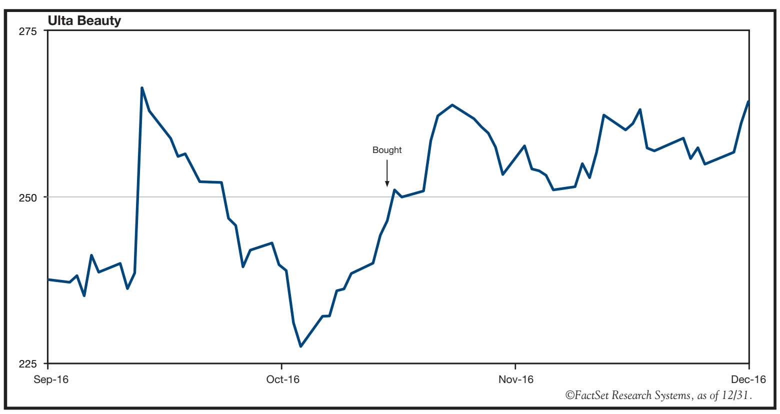
Nasdaq-listed Nvidia Corp. makes graphics chips used in various computing devices. Revenue rose 26 percent to more than $6.1 billion in the 12 months through October.

In driving the development of modern computer graphics, Nvidia developed processors that offer capabilities aligned with some of the most exciting and potentially profitable advances in technology today. Nvidia graphics processing units (GPUs) increasingly are programmed to include artificial intelligence (AI) systems to independently identify images and speech. AI gives the GPUs the versatility to perform multiple tasks in parallel, which can be a challenge for conventional semiconductors.

Nvidia sees its future in GPU computing. Within that space, the company targets four multibillion-dollar growth drivers: gaming, virtual reality, AI and self-driving cars. Nvidia Drive PX 2, for example, powers self-driving capabilities for Tesla Motors. The company's GPU platform is available in cloud services offered by Amazon, IBM, Microsoft and Alibaba.

Nvidia grew October-quarter earnings 89 percent, exceeding the consensus estimate by 48 percent. Revenue climbed 54 percent. Based on the consensus estimate, Wall Street expects Nvidia to finish its fiscal year ending in January with $2.42 per share in earnings. The company earned $1.04 per share in its previous fiscal year.

Ulta Beauty, ULTA



Demand for beauty products remains robust at a time when "selfies" and other look-at-me images proliferate on social media. But, even as technological evolution plays a growing role on that front, purchasing in the category remains a bastion of brick-and-mortar retail. Beauty buying is experiential and, based on sales trends, Ulta is a very attractive place to go to try and buy.

Nasdaq-listed Ulta Beauty is the largest beauty products retailer in the U.S., offering customers about 20,000 prestige, mass-appeal and salon products under one roof. Ulta operates 949 stores, which are 10,000 square feet on average, in high-traffic, off-mall locations. The stores also dedicate space to on-site salon services. Revenue rose 18 percent in the 12 months through October to more than $4.5 billion. The company carries no long-term debt.

Ulta continues to stress prestige with in-store boutiques that highlight iconic brands such as Clinique and Lancôme Paris. The strategy bolsters Ulta's appeal with a coveted customer demographic that the company identifies as "beauty enthusiasts." According to Ulta, 91 percent of its customers own more than five makeup brushes, 77 percent own more than 11 lip products and 68 percent own more than two curling irons.

Cultivating such an enthusiastic customer base gives Ulta unique pricing power. Rather than flatly discount prices, Ulta rewards customers through its points-based loyalty program that gives the best deals and perks to the biggest spenders. Ulta's loyalty program membership grew by 27 percent in 2016 to more than 20 million. Data collection through program participation and buying activity allows Ulta to encourage customer behavior through customer-tailored marketing.

Ulta grew October-quarter earnings 26 percent, exceeding the consensus estimate for the 12th consecutive quarter. Based on the consensus estimate, Wall Street expects Ulta to finish its fiscal year ending in January with 29 percent earnings growth.

Ground-Level Focus Amid Changes at the Top

Just a few short months ago, the talk was who would be president and how one outcome might impact stocks versus the other. Major brokerage houses produced thoughtful reports listing specific sectors and companies to favor or avoid depending on the winner. Now that the presidency is determined, we must be able to rely on the Trump-wins roadmap to guide us forward, right?

No, because it's political change today and maybe oil prices next month. The investment backdrop is always in a state of flux. Macro factors influence the business prospects of virtually all of the companies we hold. Still, by themselves, they're not material considerations within our investment approach beyond defining groups of potential investments worth investigating.

Companies jockey to position themselves to benefit amid shifting dynamics, from big-picture considerations such as regulatory oversight to ground-level concerns like shelf-space placement. That's why we're committed to consistently surveying the investment landscape from the individual-company level. Strategy, resources, execution and other company-specific factors establish each company's fundamental outlook and, ultimately, its value to investors.

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.

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.

We've collected research contacts for 43 years, enabling us to develop an extensive, proprietary database of folks to call on. Continuously maintained for quality over the years, that database now consists of more than 25,000 contacts. Another database is populated with the insights we gather from each contact in order to facilitate real-time information sharing among research teammates.

Strategy, resources, execution and other company-specific factors establish each company's fundamental outlook and, ultimately, its value to investors.

Once we use this system to establish internal earnings estimates, we focus our attention on the companies with rapid growth prospects, sound fundamentals and solid balance sheets, including low debt and high returns on equity. We also demand a timetable of near-term growth catalysts, such as a new product launch, management team or market opportunity, likely to drive earnings upside.

We set price targets based on our estimates and price-to-earnings ratio expectations. Our belief that earnings growth plays the primary role in setting share prices doesn't mean we chase growth at any price. We aim to own companies before their success is fully reflected in their stock prices.

Our price-to-earnings ratios, which are typically less than 30 times forward earnings at purchase, reflect the degree to which our research shows undervalued earnings growth and potential for valuation expansion as earnings growth is realized. We buy companies that we believe sell at reasonable multiples of earnings estimates, differentiating us from other growth investors willing to pay a big premium for growth.

Only time will tell how and to what extent actions taken by a new administration might impact the business climate. Our experience tells us that the companies on the economy's leading edge will recognize related opportunities and hazards first and understand them best regarding their particular situations.

Thanks for your confidence in our research-driven investment approach and the team that implements it on your behalf.

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.

Touch and Go

BMW hopes to take the ultimate driving experience to futuristic levels by employing holographic displays that enable drivers to interact with various systems within their vehicles. The automaker's HoloActive Touch system is a holograph-style, free-floating virtual display that drivers can operate like a touchscreen. Connecting the driver with the vehicle's services, a built-in camera detects the driver's hand movements, prompting the system to execute the driver's wishes. The system reportedly uses ultrasonic waves to provide the driver tactile evidence that his or her gesture was received. The interactive display is meant to provide the driver access to a variety of functions, including music, navigation, hands-free communication and other conveniences, in a way that minimizes distraction.

Hello, Hola, Bonjour, Ciao

Finding the bathroom in a foreign country just got easier. New York startup Waverly Labs is looking to enhance language, communication and small talk with its new smart earpiece called Pilot. A dual earpiece that translates in real-time, Pilot connects via Bluetooth to a smartphone app that instantly translates English, Spanish, French and Italian for free. Additional languages are available for purchase. Funded by more than $3.5 million raised via crowdsourcing, the Pilot system is still in the prototype phase, but is available for pre-order starting at $199. Waverly Labs hopes to release Pilot to market in May 2017.

Smarter Way to Namaste

While the advent of exercise technology, from fitness monitors to motion-tracking workout clothes, seems to have reached every corner of the workout world, the ancient art of yoga is mostly free from modern-day gadgetry. Thanks to the folks at SmartMat, a company created to market an intelligent yoga mat bearing the same name, that might change. The sensor-embedded mat links via Bluetooth to a companion app that can track and assist the user with poses, alignment and performance. SmartMat rolls up like a regular mat, holds a charge for six hours and can be custom calibrated so each user can track his or her practice using their unique stats to pinpoint foot and hand placement. The companion app also features personal yoga classes that can be done at home. SmartMat can be pre-ordered for $397.

Ultimate Baby Monitor for Helicopter Parents

What's the typical baby monitor lacking? Well, according to a parent/physician behind a monitor-making startup, a touch of artificial intelligence. Called the Nanit, the new monitor incorporates advanced image recognition and processing capabilities, enabling it to collect data on what transpires in a baby's crib overnight (hopefully). Pairing the Nanit camera, which suspends over the crib, with the Nanit Insight app, gives parents the ability to track and analyze such things as sleep patterns, movement and hours of nightly sleep. The app even rates sleep quality so parents can get an idea as to what kind of day might lie ahead. The monitor includes a night light and soothing sound maker, along with the ability to track room conditions such as temperature and humidity. The Nanit monitor, which sold out its initial production, sells for $349. New orders ship in February.

South Korean Startup Makes Bagels

Seoul-based Bagel Labs developed the Bagel, which it touts as "the world's smartest tape measure." The round device, which has three different measuring modes, can also record voice memos and send data to its companion smartphone app for storage, organization and analysis. Bagel measures a flat object's length like a traditional tape measure in its string mode. It can be rolled over curved or asymmetrical surfaces in wheel mode or, for hard to reach areas, switched into remote mode, which utilizes ultrasonic sensors. Whatever you measure, Bagel also allows you to record voice memos to eliminate the need for a notepad.

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, Genevieve Cozzens 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 and are not predictive of future performance. Past performance does not guarantee future results.

As of December 31, 2016, American Airlines Group Inc., Calavo Growers Inc., Chesapeake Energy Corp., Electronic Arts Inc., Nabors Industries Ltd., Nvidia Corp. and Ulta Beauty represented 1.52, 0.15, 1.73, 1.53, 1.76, 1.13 and 1.51 percent of AMG Managers Brandywine Fund's assets. AMG Managers Brandywine Blue Fund held American Airlines, Electronic Arts, Nvidia and Ulta Beauty at 1.78, 1.79, 2.70 and 2.23 percent of assets. AMG Managers Brandywine Advisors Mid Cap Growth Fund held American Airlines, Chesapeake Energy, Electronic Arts, Nabors Industries and Ulta Beauty at 1.79, 2.43, 1.78, 2.06 and 1.82 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 Dow Jones Industrial Average is a price-weighted index comprised of 30 of the largest and most widely held public companies in the United States. The CBOE Market Volatility Index® is a leading measure of market expectations of near-term volatility conveyed by S&P 500 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.

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