AMG Yacktman Special Opportunities Fund Mid-Year Update
June 30, 2022

SEMI-ANNUAL INVESTOR LETTER

Class I | YASSX   Class Z | YASLX

YACKTMAN ASSET MANAGEMENT

Average Annual Returns (%)[1] (as of 06/30/22)

	Q2	YTD	1 yr	3 yr	5 yr	Since Incpt.
YASSX (Class I)	-15.16	-15.87	-16.02	6.68	5.71	7.85[2]
YASLX (Class Z)	-15.13	-15.90	-15.98	6.75	5.80	6.06[3]
MSCI ACWI All Cap Index	-15.85	-20.46	-16.61	5.98	6.68	6.00[3]

YASSX (Class I) Expense Ratio (Gross/Net): 2.29%/2.29%
YASLX (Class Z) Expense Ratio (Gross/Net): 2.19%/2.19%

The performance data shown represents past performance. Past performance is not a guarantee of future results. 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.

For the six months ending June 30, 2022, **AMG Yacktman Special Opportunities Fund** (the "Fund") Class I shares returned -15.87%, compared to the -20.46% return of the MSCI ACWI All Cap Index.

This was a tough six month stretch in the market. The sharp declines—which started in 2021 in the high-tech stocks and more speculative corners of the market—caught up to even the more resilient stocks. June was an unpleasant month for areas such as energy and value. The Fund's conservative positioning helped mitigate some of the downside volatility, but it was not totally immune. In our experience, some of the best opportunities arise following such periods.

In our 2021 first half letter, we likened the challenges facing the market to a 10-team parlay bet in sports gambling, where "winning nine out of ten bets still means a losing ticket." While the final tally isn't official just yet, it seems the chances of collecting on such a wager have grown even dimmer. Add to the list new challenges including the extended war in Ukraine, that "expected" inflation is now "actual" inflation, the growing threats of global energy and food crises, and the higher odds of an economic recession. Stock prices are lower and risks are higher, so risk-adjusted returns haven't improved despite the market declines, at least for a broad swath of the universe. However, we invest in individual stocks, not the market. Owning real businesses producing actual cash flow at inexpensive valuations should help navigate more difficult conditions. This discipline remains at the core of the Fund's investment approach.

Portfolio Review

As an active manager focused on stock-picking, volatility is a necessary part of the job (it's hard to outperform without it). We have endured drawdowns in the past and it often brings up the question, what are we doing in response? First, our investment approach hasn't changed. We are still scouring the world for the best opportunities. With the advantage of a flexible investment mandate, turning over rocks in search of hidden gems remains a crucial part of the investment process.

While on the lookout for the next bargains, we believe some of the best risk-adjusted opportunities can be found in our existing positions. Hence, the top ten holdings represent 53% of the Fund. While we expect contributions from the entire portfolio, truly standout ideas are somewhat rare. It is important to make them count. Any further market turmoil will provide plenty of chances to supplement with new additions or increase weightings in our smaller positions.

Over a volatile quarter, stock price movements within and outside the portfolio have changed the risk/reward equation in several of our existing positions. This was especially true with a few smaller and less liquid investments that no longer stacked up against alternatives. We exited a number of those smaller weightings and ended the quarter holding 45 positions. These sales included several companies (such as Link Net and Vivo Energy) where acquisitions were pending. Rather than waiting for these acquisitions to close, we took the cash to deploy elsewhere. In addition, one of our largest positions entering the year, Trecora Resources, was acquired the last week of June. The timing of the Trecora proceeds combined with our portfolio pruning means we entered the second half of the Fund's fiscal year with cash at 9.6% of the Fund. This cash position provides ample capital to deploy if the environment becomes more difficult in the coming months.

A Few Words on Investor Psychology

In the final season of the Netflix show Peaky Blinders, a drama about a fictional gang in post-World War I England, the main character, Thomas Shelby, had a line that struck a chord: "I wanted to have everything already."

Over the past dozen or so years, it seems market participants sought out (and even expected) super-normal returns…and they expected them immediately. Look at the Reddit/GameStop phenomenon, SPAC mania, Robinhood, cryptocurrencies, NFTs (Non-fungible tokens) and more. This psychology of

[1] Returns for periods less than one year are not annualized.
[2] Since the inception of the Fund's Class I shares on June 30, 2015.
[3] Since the inception of the Fund's Class Z shares on June 30, 2014.

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"more and faster" extended into the real world (more stimulus! more stuff!), fueled by a perception that everyone else was getting rich quick. This kind of speculative environment has been a headwind to a strategy like ours rooted in the more mundane topics of fundamental analysis, competitive advantages, and valuation.

There's nothing like a market washout to douse speculative fervor. While we have looked through the stocks that have fallen the most, it's unclear if there is even a viable business model in many cases. Even the "real" businesses in areas like software or internet were priced at such a level that they needed to be in the top 0.01% of exceptional businesses—even the top 1% wouldn't cut it at those prices. That's a high bar. The penalty for falling short of that rarified air could only result in steep drawdowns.

While this recent pullback caused much of the supercharged speculative gains of mid 2020 through 2021 to unwind, falling back to breakeven probably isn't good enough—more real capital loss is likely ahead before a true bottom is signified. Whatever happens in the short term, investing (not speculation) is a wonderful method to compound capital over the long-term. The lack of patience and demands for future returns today remains a recipe for trouble. That's the case whether it's a fictional version of early 1900s England portrayed in Peaky Blinders or if it's investing in the globally connected, always on markets of 2022.

Contributors/Detractors

The top three detractors during the first half of 2022 were Legacy Housing ("Legacy"), Italian Wine Brands ("IWB") and Naked Wines. The first two names declined for what we believe are temporary reasons. For Legacy, after an outstanding earnings report in late 2021 drove up the stock to all-time highs, the company disclosed accounting issues in early 2022 and has not filed updated financials. At the same time, peers in manufactured housing pulled back due to concerns over interest rates. For a significant portion of U.S. consumers, affordable homes are desperately needed and there remains a wide price gap between manufactured versus traditional homes. Once Legacy moves beyond their accounting issues, we believe their business outlook remains bright.

Like Legacy, IWB was a strong performer in 2021 but has given back all of its recent gains. As the largest private wine group in Italy, IWB's stock was not immune to the broader sell-off in European and Italian stocks due to concerns over the war between Russia and Ukraine. Inflation in areas like energy, glass, and logistics are all hitting IWB, and it will take time to reset contracts to pass through these costs. We believe IWB's management team will navigate this period and return the business to growth, building on their tremendous success since we originated the investment.

Naked Wines was by far our largest detractor to performance in the first half of 2022. As an online seller of wine via direct-to-consumers subscriptions, Naked Wines was one of our only true "COVID winners" in 2020 and the first half of 2021. The company built up a subscriber base of almost one million consumers who enjoy funding and purchasing wine from independent winemakers. The business has been reinvesting heavily to acquire new customers and therefore profits have run around break-even levels. This year, Naked Wines' management admitted that some recent marketing investments fell short of expectations. In response, they pulled back on this growth spending, denting the growth trajectory. Concerns over the balance sheet added to investor consternation. The stock price correction now shows the gap that exists in many of these stocks as market participants shift from calculating the total addressable market and growth ambitions to more mundane topics like cash flow generation and profits. Many stocks are going through similar corrections. We like the Naked Wines model and believe it adds real value across the ecosystem to both consumers and winemakers. It's now up to the management team to prove they can execute against their current customer base and regain market trust in a more difficult consumer environment.

Positive contributors include a handful of stocks that generated positive returns in a difficult environment that saw most sectors decline. The two standouts as material contributors were Total Energy Services ("Total Energy") and Trecora. Even with the run-up in stock price, our enthusiasm for Total Energy's prospects remains. Oilfield service companies are in a tough business. Serving a volatile and cyclical end market is not easy and the last eight years have been especially challenging. Equipment is old and outdated, capital inflows have dried up, and good labor has fled the industry to seek fortune elsewhere. Oilfield services are finally catching up from 8+ years of price declines as their upstream exploration & production customers are now desperate to take advantage of high energy prices. All signs point toward a bull market in profitability, not capacity/equipment expansion. We believe this will benefit well-run companies like Total Energy who have the equipment and employee base to capitalize on this long-awaited upswing.

We purchased our initial position in Trecora in early 2020 after following the business closely for many years. Prior to our purchase, the stock had fallen more than 50% from its 2018 peak after running into trouble with failed expansion projects and too much leverage. During our ownership, new management cleaned up the balance sheet, sold off non-core assets, and began operational improvements. The company attracted several activist investors and we selectively added to the position over the past 12-18 months, believing the status quo was unlikely to continue. As a small-cap chemical company, Trecora wasn't a logical fit for the public markets and its board eventually ran a sales process. The timing coincided with the market turmoil in the first half of 2022 but Trecora signed a deal to be acquired by a private equity firm at a decent premium. While not a complete home run, our investment in Trecora provided a solid return on a sizable position.

Conclusion

For years, we have watched as the market seemed to levitate on the back of expanding valuation multiples. Investors told themselves ever more fanciful stories about why they continued to hold on as stock prices raced skyward. In our view, future returns were pulled forward, as market participants fell into that trap of expecting everything already. We have been on the other side of this trend for years, but it feels as though this dynamic has shifted. We believe the Fund is set up well to capture this opportunity. As always, our objective is to produce attractive risk-adjusted returns. We appreciate the Fund's shareholders who entrust us with their capital in our pursuit of this goal.

This commentary reflects the viewpoints of the portfolio manager, Yacktman Asset Management LP, as of June 30, 2022, is not intended as a forecast or guarantee of future results, and is subject to change without notice.

Top Ten Holdings (%)[4] (as of 06/30/22)

Holding	% of Net Assets
Omni Bridgeway Ltd	11.38
Total Energy Services Inc	10.34
Italian Wine Brands SpA	4.85
Texhong Textile Group Ltd	4.58
Brickability Group PLC	4.53
AMERCO	4.45
Legacy Housing Corp	3.98
B&S Group Sarl 144A	3.59
Naked Wine PLC	3.02
Delfi Ltd	2.42
TOTAL %	53.13

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 debt securities, such as default risk and fluctuations in the perception of the debtor's ability to pay its creditors. Changing interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall.

High-yield bonds (also known as "junk bonds") are subject to additional risks such as the risk of default.

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.

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.

Companies that are in similar businesses may be similarly affected by particular economic or market events; to the extent the Fund has substantial holdings within a particular sector, the risks associated with that sector increase.

The Fund invests in value stocks, which may perform differently from the market as a whole and may be undervalued by the market for a long period of time.

The MSCI ACWI All Cap Index captures large, mid, small and micro-cap representation across certain Developed Markets (DM) countries and large, mid and small cap representation across certain Emerging Markets (EM) countries. The index is comprehensive, covering a significant percentage of the global equity investment opportunity set. Please go to msci.com for the most current list of countries represented by the index. Unlike the Fund, the index is unmanaged, not available for investment, and does not incur expenses.

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.

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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[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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