

## Dividend Stocks Have Gone the Distance

- ▶ For over 45 years, dividend-paying stocks have significantly outperformed over rolling 5- and 10-year periods on an annualized basis
- ▶ Dividend-payers produced these higher returns with lower risk, demonstrated by lower annualized standard deviation of monthly returns

### Dividend-payers<sup>1</sup> have provided cumulative long-term outperformance



Source: River Road Asset Management LLC and Ned Davis Research Inc. From January 1, 1972 to March 31, 2017. Please see the bottom of the page for more information. **Past performance is no guarantee of future results.**

### The potential benefits of dividend-paying stocks

Performance	Conviction	Demand
▶ Over the long term, dividend-paying stocks have delivered higher returns with lower risk than non-dividend payers <sup>3</sup>	▶ Dividend payouts require real earnings, so companies paying consistent dividends are typically financially sound and seek to wisely use free cash flow	▶ Demographic trends favor income-oriented investments—to keep up with inflation, retiring baby boomers should increasingly require investments that offer income and growth

### All cap for equity-income delivers a large investment universe and allows for greater diversification

- ▶ All-cap allows opportunistic positioning across the capitalization range
- ▶ Large-cap securities can offer stable dividend growth and high liquidity
- ▶ Small- to mid-cap securities provide a higher yield, diversification and alpha-enhancing potential

	Number of Firms in the DAV Universe	Yield by Market Capitalization, Weighted Average (%)
Small Cap Mkt. Cap < \$2B	396	6.05
Mid Cap \$2B < Mkt. Cap < \$15 B	400	5.33
Large Cap Mkt. Cap > \$15B	229	3.98

Source: Factset, as of March 31, 2017. Dividend All Cap Value (“DAV”) Universe: U.S. listed equity; Trailing Twelve Months (TTM) yield > 2%; mkt cap > \$300M.

<sup>1</sup> A “dividend-payer” is a company that has indicated it will pay a dividend within the year. A “non dividend-payer” has indicated an annual dividend of zero. Prior to July 2000 the indicated annual dividends were updated on a quarterly basis, and since July 2000 they are updated on a daily basis. The index returns are calculated using monthly equal-weighted geometric averages of the total returns of all dividend-paying (or non dividend-paying) stocks. A stock’s return is only included during the period it is a component of the S&P 500 Index. The dividend figure used to categorize the stock is the company’s indicated annual dividend, which may be different from the actual dividends paid in a particular month.

<sup>2</sup> Standard deviation is used as a measure of an investment’s volatility. It calculates the variability of returns by comparing the Fund’s return in each period from the average Fund return across all periods.

<sup>3</sup> Source: Ned Davis Research. As of March 31, 2017.

## Funds to Consider:

### AMG River Road Dividend All Cap Value Fund

Class N

ARDEX

Class I

ARIDX

### AMG River Road Dividend All Cap Value Fund II

Class N

ADVTX

Class I

ADIVX

#### Overall Morningstar Rating™

Based on Risk-Adjusted Returns

★★★★  
ARDEX

★★★★  
ADIVX

As of 03/31/17, ARDEX was rated 4, 4, 3, and 5 stars for the overall, 3-, 5-, and 10-year periods against 1084, 1084, 936, and 679 U.S. Fund Large Value funds, respectively. ADIVX was rated 4 and 4 stars for the overall and 3-year periods against 1084 and 1084 U.S. Large Value funds, respectively.

## River Road's Absolute Value® investing approach seeks to blend the best aspects of traditional "deep" and "relative" value styles

- ▶ Aims to generate attractive, sustainable, low-volatility returns over the long term while minimizing downside risk
- ▶ Targets financially strong companies that generate predictable and sustainable cash flows and trade at attractive discounts (vs. challenged businesses trading at deep discounts or overvalued businesses that only appear affordable relative to higher-priced peers)
- ▶ Employs a bottom-up portfolio construction process that avoids market and index trends
- ▶ Focuses on less efficient areas of the equity market including small capitalization and out-of-favor securities, and other securities with limited analyst coverage

#### Average annual returns (%)<sup>1</sup> (as of 03/31/17)

DAV Fund	Inception	1 Yr	3 Yr	5 Yr	10 Yr	Since Incpt.	Expense Ratio (% Gross/Net)
ARDEX (Class N)	06/28/05	14.44	8.41	11.69	7.00	8.50	1.11 / 1.10
ARIDX (Class I)	06/28/07	14.71	8.68	11.98	—	6.86	0.86 / 0.85
Russell 3000® Value Index	—	19.97	8.58	13.08	5.94	7.35 <sup>2</sup>	—
DAV Fund II							
ADVTX (Class N)	06/27/12	14.30	8.42	—	—	12.46	1.16 / 1.16
ADIVX (Class I)	06/27/12	14.55	8.68	—	—	12.75	0.91 / 0.91
Russell 3000® Value Index	—	19.97	8.58	13.08	5.94	15.22	—

<sup>1</sup> Returns for periods greater than one year are annualized. <sup>2</sup> Since the inception of Class N shares on June 28, 2005.

**The performance data shown represents past performance. Past performance is not a 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 [www.amgfunds.com](http://www.amgfunds.com).**

**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](http://www.amgfunds.com) for a free Prospectus. Read it carefully before investing or sending money.**

Prior to October 1, 2016, the Funds were known as ASTON/River Road Dividend All Cap Value Fund and ASTON/River Road Dividend All Cap Value Fund II.

An issuer of a security may be unwilling or unable to pay income on a security. Common stocks do not assure dividend payments and are paid only when declared by an issuer's board of directors.

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 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 Fund is subject to special risk considerations similar to those associated with the direct ownership of real estate. Real estate valuations may be subject to

factors such as changing general and local economic, financial, competitive, and environmental conditions.

The Russell 3000® Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3,000 companies with lower price-to-book ratios and lower forecasted growth values.

Unlike the Fund, the Russell 3000® Value Index is unmanaged, is not available for investment and does not incur expenses.

©2017 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metric. Morningstar Rating is for the share class indicated only (see ticker); other share classes may have different performance characteristics. The Ranking may reflect the waiver of all or a portion of the fund's fees. Without such waiver, the Rankings may have been lower.

AMG Funds are distributed by AMG Distributors, Inc., a member of FINRA/SIPC. River Road Asset Management is a registered investment adviser and majority owned by Affiliated Managers Group, Inc. (AMG).

Not FDIC Insured | May Lose Value | Not Bank Guaranteed



[www.amgfunds.com](http://www.amgfunds.com)



[linkedin.com/company/amg-funds](https://www.linkedin.com/company/amg-funds)



AMG Funds