

**NOTICE: PLEASE COMPLETE THE
ENCLOSED PROXY CARD AND RETURN IT AS SOON AS POSSIBLE.**

AMG FUNDS III

600 Steamboat Road, Suite 300
Greenwich, Connecticut 06830

**AMG GW&K MID CAP FUND
(FORMERLY AMG MANAGERS CADENCE MID CAP FUND)**

Special Meeting of Shareholders

To Be Held on January 13, 2021

Dear Valued Shareholder:

You are being asked to vote on two important proposals: (1) approval of a proposed reorganization transaction for your fund, AMG GW&K Mid Cap Fund (formerly AMG Managers Cadence Mid Cap Fund) (the “**Target Fund**”), a series of AMG Funds III (“**AMG Funds III**”); and (2) approval of a new subadvisory agreement between AMG Funds LLC (“**AMGF**”) and GW&K Investment Management, LLC (“**GW&K**”) with respect to the Target Fund.

The Board of Trustees of AMG Funds III (the “**AMG Funds III Board**”) has called a special meeting of shareholders of the Target Fund to be held on January 13, 2021 to vote on the two proposals, which are described further below.

Your vote is very important regardless of the number of shares you own. Whether or not you plan to attend the meeting, please read the enclosed materials and authorize a proxy to vote promptly. To authorize a proxy to cast your vote, simply complete, sign and return the enclosed proxy card using the postage-paid envelope provided or follow the instructions on the proxy card to vote by telephone or the Internet. It is important that your vote is received no later than the time of the meeting. After careful consideration, the AMG Funds III Board unanimously recommends that you vote “FOR” each proposal.

Proposal 1: Reorganization of AMG GW&K Mid Cap Fund into AMG GW&K Small/Mid Cap Fund

The AMG Funds III Board has approved a transaction whereby the Target Fund would be reorganized into AMG GW&K Small/Mid Cap Fund (the “**Acquiring Fund**” and together with the Target Fund, each a “**Fund**” and collectively, the “**Funds**”), a series of AMG Funds (“**AMG Funds**”) (the “**Reorganization**”). AMGF serves as investment manager to each Fund. GW&K serves as investment subadviser to the Acquiring Fund and is also the current interim subadviser to the Target Fund. The Target Fund and the Acquiring Fund are overseen by the same Trustees. If approved by shareholders, the Reorganization is expected to close on or about February 8, 2021, or as soon thereafter as practicable (the “**Closing Date**”).

After the Reorganization, AMGF will continue to serve as the investment manager to the Acquiring Fund and GW&K will continue to serve as the subadviser to the Acquiring Fund.

Proposal 2: Approval by shareholders of AMG GW&K Mid Cap Fund of a subadvisory agreement between AMG Funds LLC and GW&K Investment Management, LLC

At a meeting held on October 8, 2020, and based upon the recommendation of AMGF and other factors, the AMG Funds III Board terminated the Target Fund’s subadvisory agreement with Cadence Capital Management LLC (“**Cadence**”), the then-current subadviser of the Target Fund, and approved the appointment of GW&K as the subadviser to the Target Fund on an interim basis to replace Cadence, with GW&K’s services beginning on October 8, 2020. GW&K was appointed interim subadviser to the Target Fund pursuant to an interim subadvisory agreement (the “**Interim Subadvisory Agreement**”) as permitted by Rule 15a-4 under the Investment Company Act of 1940, as amended (the “**1940 Act**”). As required by applicable law, the Interim Subadvisory Agreement will remain in effect for a term no longer than 150 days. At the meeting held on October 8, 2020, the AMG Funds III Board also approved the longer-term appointment of GW&K as the subadviser to the Target Fund and the adoption of a new subadvisory agreement between AMGF and GW&K with respect to the Target Fund (the “**New Subadvisory Agreement**”), subject to shareholder approval. If approved, the New Subadvisory

Agreement would only go into effect in the event that the Reorganization is not consummated prior to March 7, 2021, when the Interim Subadvisory Agreement will automatically terminate. Information regarding the Interim Subadvisory Agreement and the New Subadvisory Agreement is contained in the enclosed proxy materials.

The AMG Funds III Board believes that approval of each of the proposals is in the best interests of the Target Fund. Accordingly, the AMG Funds III Board unanimously recommends that you vote “FOR” each proposal.

If you have any questions about the proxy materials or the proposed Reorganization, please call your investment professional or AST Fund Solutions at 866-751-6311.

Very truly yours,
/s/ Keitha L. Kinne
Keitha L. Kinne
President of AMG Funds III

AMG FUNDS III
600 Steamboat Road, Suite 300
Greenwich, Connecticut 06830

QUESTIONS AND ANSWERS
YOUR VOTE IS IMPORTANT!

Dated: November 12, 2020

Q: What am I being asked to vote on?

A: As a shareholder of the Target Fund, you are being asked to vote to approve the Reorganization of the Target Fund into the Acquiring Fund pursuant to an Agreement and Plan of Reorganization among AMG Funds III, on behalf of the Target Fund, AMG Funds, on behalf of the Acquiring Fund, and AMGF (for purposes of Section 5 only). In connection with the Reorganization, the Target Fund will transfer all of its assets to the Acquiring Fund, the Acquiring Fund will assume all of the liabilities of the Target Fund, and you will receive a class of shares of the Acquiring Fund with a value equal to the net asset value of your corresponding class of shares of the Target Fund immediately prior to the Reorganization, based upon the Acquiring Fund's valuation procedures, in liquidation of the Target Fund. The Reorganization is expected to be a transaction that is generally tax-free for U.S. federal income tax purposes. Upon completion of the Reorganization, you will become a shareholder of the Acquiring Fund.

Target Fund/Share Class	Acquiring Fund/Share Class
AMG GW&K Mid Cap Fund — Class N →	AMG GW&K Small/Mid Cap Fund — Class N
AMG GW&K Mid Cap Fund — Class I →	AMG GW&K Small/Mid Cap Fund — Class I
AMG GW&K Mid Cap Fund — Class Z →	AMG GW&K Small/Mid Cap Fund — Class Z

You are also being asked to vote to approve the New Subadvisory Agreement. GW&K currently serves as subadviser to the Target Fund pursuant to an Interim Subadvisory Agreement that expires on March 7, 2021. To address the possibility that the Reorganization is not consummated prior to the termination of the Interim Subadvisory Agreement, AMGF recommended, and the AMG Funds III Board approved, the New Subadvisory Agreement for the Target Fund in order to ensure the continuous management of the Target Fund.

Q: Has the AMG Funds III Board approved the Proposals?

A: Yes. The AMG Funds III Board determined that the Reorganization and New Subadvisory Agreement are in the best interests of the Target Fund and unanimously recommends that you vote "FOR" both proposals.

Q: Why is the AMG Funds III Board recommending the Proposals?

A: Based on the information provided by AMGF, the AMG Funds III Board believes that appointing GW&K as the subadviser, either through participation in the Reorganization or through the New Subadvisory Agreement, will benefit the Target Fund's shareholders. In reaching this conclusion, the AMG Funds III Board considered several factors, which are discussed in the enclosed materials.

The Reorganization will allow shareholders to continue to invest in a mutual fund managed on a day-to-day basis in a substantively similar manner and by the same portfolio management personnel that currently manage the Target Fund on an interim basis. AMGF, which serves as the Target Fund's investment manager and provides administration and shareholder services for the Target Fund, would continue to provide the overall investment oversight responsibilities as the investment manager of the Acquiring Fund as well as administration and shareholder services for the Acquiring Fund. Because GW&K, the current subadviser to the Acquiring Fund and the interim subadviser to the Target Fund, is an affiliate of AMGF, AMGF indirectly benefits from the compensation received by GW&K. The AMG Funds Family of Funds is a mutual fund complex comprised of 49 different funds, each having distinct investment management objectives, strategies, risks, and policies. AMGF has advised the AMG Funds III Board that AMGF is committed to providing shareholders with access to a complete array of investment products and a comprehensive, high-quality set of shareholder services.

Q: Who will manage the Acquiring Fund once the Reorganization is completed?

A: Following the Reorganization, AMGF will continue to serve as the investment manager and GW&K will continue to serve as the subadviser to the Acquiring Fund. GW&K currently has day-to-day portfolio management responsibility as subadviser to the Target Fund, and it is currently anticipated that the Target Fund's portfolio will be managed in a

substantively similar manner and by the same personnel as the Acquiring Fund prior to the Reorganization, and these personnel will continue to have day-to-day portfolio management responsibility with respect to the Acquiring Fund after the Reorganization.

Q: How will the expenses that I bear as a shareholder of the Acquiring Fund compare to the expenses I currently bear as a shareholder of the Target Fund?

A: Based on the net asset levels and expenses of the Target Fund for the fiscal year ended May 31, 2020 and the Acquiring Fund for the six-month semi-annual period ended June 30, 2020 (annualized) and after giving effect to current contractual fee rates, the total operating expense ratio of Class N and Class I shares of the Acquiring Fund is expected to be the same as the total operating expense ratio of the corresponding class of shares of the Target Fund, after giving effect to contractual expense waivers and reimbursements, and the total operating expense ratio of Class Z shares of the Acquiring Fund is expected to be higher than the total operating expense ratio of the corresponding class of shares of the Target Fund, after giving effect to contractual expense waivers and reimbursements. AMGF has contractually agreed, through at least May 1, 2022, to waive management fees and/or pay or reimburse the Acquiring Fund's expenses in order to limit the total annual fund operating expenses after fee waiver and expense reimbursements (exclusive of taxes, interest (including interest incurred in connection with bank and custody overdrafts and in connection with securities sold short), shareholder servicing fees, distribution and service (12b-1) fees, brokerage commissions and other transaction costs, dividends payable with respect to securities sold short, acquired fund fees and expenses, and extraordinary expenses) of the Acquiring Fund to the annual rate of 0.82% of the Acquiring Fund's average daily net assets, subject to later reimbursement by the Acquiring Fund in certain circumstances. This arrangement also will continue to apply to the Acquiring Fund after the Reorganization. Certain fees waived and expenses reimbursed by AMGF are subject to recoupment in limited circumstances as noted below under "Synopsis – Comparison of Fees and Expenses."

Q: Will I need to pay sales commissions or taxes as a result of the Reorganization?

A: The Reorganization will not trigger any sales commissions for shareholders. Also, the Reorganization is expected generally to be a tax-free transaction for U.S. federal income tax purposes. Accordingly, it is expected that Target Fund shareholders will not and the Target Fund generally will not recognize gain or loss as a direct result of the Reorganization, as described in more detail in the section of the proxy statement/prospectus entitled "U.S. Federal Income Tax Consequences." A substantial portion of the portfolio will already be turned over at the time GW&K takes over management of the Target Fund and, consequently, the Target Fund expects a minimal amount of portfolio turnover in connection with the Reorganization. In the event the Target Fund sells portfolio assets in connection with the Reorganization, any such sales will cause the Target Fund to incur transaction costs and may result in a taxable distribution to shareholders. Additionally, because the Reorganization will end the tax year of the Target Fund, the Reorganization will accelerate distributions to shareholders from the Target Fund for its tax year ending on the date of the Reorganization. These tax year-end distributions will be taxable to shareholders of the Target Fund, and will include any distributable, but not previously distributed, capital gains resulting from portfolio turnover prior to consummation of the Reorganization.

Q: Will Acquiring Fund shareholders or Target Fund shareholders be expected to pay the costs associated with the Reorganization?

A: Shareholders of the Target Fund and shareholders of the Acquiring Fund will not bear any of the costs associated with the Reorganization except for any applicable registration fees, and brokerage or similar costs or transfer taxes in connection with the purchases or sales of portfolio securities or the management of such Fund's investments related to the consummation of the Reorganization. AMGF and GW&K will bear all other costs of the Reorganization, such as proxy solicitation costs, accounting and legal expenses, the costs of printing and mailing this proxy statement/prospectus or other similar expenses, which are estimated to be approximately \$104,000.

Q: How do the investment objectives, principal investment strategies and principal risks of the Target Fund and the Acquiring Fund compare?

A: The Target Fund and the Acquiring Fund have substantively similar investment objectives and principal investment strategies and the same principal risks. The investment objective of the Target Fund is to seek growth of capital, and the investment objective of the Acquiring Fund is to provide investors with long-term capital appreciation. Each Fund primarily invests in equity securities of U.S. companies and pursues quality companies with either growth- or value-oriented characteristics. However, there are some differences between the Funds' principal investment strategies. For example, while the Acquiring Fund generally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of small- and mid-capitalization companies, the Target Fund generally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in common stocks of U.S. companies with

medium-market capitalization companies. More information about the Funds' principal investment strategies is provided below under "Synopsis - Investment Objective and Strategies."

Q: What happens if shareholders of the Target Fund do not approve the Proposals?

A: The AMG Funds III Board unanimously recommends that shareholders approve the Reorganization; however, if shareholders of the Target Fund do not approve the Reorganization, it will not occur. To address the possibility that the Reorganization is not consummated, the AMG Funds III Board unanimously recommends that shareholders approve the New Subadvisory Agreement with GW&K. If the shareholders of the Target Fund do not approve either of the Proposals, the AMG Funds III Board will determine what further action, if any, is appropriate for the Target Fund.

Q: What happens if I do not wish to participate in the Reorganization of the Target Fund, or what if I do not wish to own shares of the Acquiring Fund?

A: Assuming the Reorganization is approved by shareholders of the Target Fund, you may redeem your shares of the Target Fund at any time before the last business day prior to the Closing Date. After the Closing Date, you may also redeem your shares of the Acquiring Fund on any day in accordance with the procedures applicable to the Acquiring Fund. Any such redemptions will be taxable to you if you hold your shares in a taxable account.

Q: What shareholder vote is required to approve the Proposals?

A: Both the approval of the Reorganization by the Target Fund and the approval of the New Subadvisory Agreement will require the affirmative vote of a "majority of the outstanding voting securities" of the Target Fund. A majority of the outstanding voting securities is defined in the 1940 Act as the lesser of (a) 67% or more of the voting securities present at a meeting if the holders of more than 50% of the outstanding voting securities are present or represented by proxy, or (b) more than 50% of the outstanding voting securities.

Q: When will the Reorganization occur?

A: If approved by shareholders, we expect the Reorganization to be completed on or about February 8, 2021, or as soon thereafter as practicable, provided all of the other closing conditions have been satisfied or waived.

Q: When will the Shareholder Meeting be held?

A: The Shareholder Meeting is scheduled to be held on January 13, 2021.

Q: How do I vote my shares?

A: You can vote your shares by telephone or electronically by following the instructions on the enclosed proxy card(s) or by completing and signing the enclosed proxy card(s) and mailing them in the enclosed postage paid envelope. If you have any questions regarding the proposals or how to vote your shares, please call your investment professional or AST Fund Solutions at 866-751-6311.

**AMG GW&K Mid Cap Fund
(formerly AMG Managers Cadence Mid Cap Fund)**

A SERIES OF

AMG FUNDS III

600 Steamboat Road, Suite 300
Greenwich, Connecticut 06830

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
SCHEDULED FOR JANUARY 13, 2021**

This is the formal notice and agenda for the special meeting of shareholders of AMG GW&K Mid Cap Fund (formerly AMG Managers Cadence Mid Cap Fund) (the **“Target Fund”**), a series of AMG Funds III (**“AMG Funds III”**). This notice tells the shareholders of the Target Fund what proposals will be voted on and the time and place of the meeting. We refer in this notice (and the proxy materials included with the notice) to AMG GW&K Small/Mid Cap Fund (the **“Acquiring Fund”**), a series of AMG Funds (**“AMG Funds”**). We refer to the Target Fund and the Acquiring Fund together as the **“Funds.”**

To the Shareholders of the Target Fund:

A special meeting of shareholders of the Target Fund will be held on January 13, 2021 at 3:00 p.m. (Eastern Time) (the **“Meeting”**). In light of the COVID-19 pandemic, the Meeting will be a virtual meeting **held via telephone only**.

At the Meeting, we will ask you to vote on:

1. A proposal to approve an Agreement and Plan of Reorganization, which provides for the acquisition of the assets and assumption of the liabilities of the Target Fund in exchange for shares of the Acquiring Fund, and the liquidation and termination of the Target Fund.

(The transaction that is the subject of the foregoing proposal is referred to herein as the **“Reorganization.”**)

2. A proposal to approve for the Target Fund a subadvisory agreement between AMG Funds LLC, the current investment manager to the Target Fund, and GW&K Investment Management, LLC, the current interim subadviser to the Target Fund.

3. Any other business that properly comes before the Meeting or any adjournments or postponements thereof.

Only shareholders of record of the Target Fund as of the close of business on November 4, 2020 are entitled to receive this notice and vote at the Meeting or any adjournments or postponements thereof. Whether or not you expect to attend the Meeting, please vote by telephone or electronically, or complete and return the enclosed proxy card (voting instruction card).

If you wish to attend the Meeting, please register by sending an email to attendameeting@astfinancial.com and provide us with your full name and address in order to receive the conference call dial-in information. Please use the email subject line **“AMG GW&K Mid Cap Fund”**, and include in your email your full name along with your request for the conference line number. That number will be sent back to you, allowing you to call into the meeting. We encourage you to vote your shares prior to the Meeting.

By Order of the Board of Trustees of AMG Funds III
/s/ Mark J. Duggan
Mark J. Duggan, Secretary
November 12, 2020

YOUR VOTE IS VERY IMPORTANT TO US REGARDLESS OF THE NUMBER OF SHARES THAT YOU ARE ENTITLED TO VOTE.

Whether or not you plan to attend the Meeting, please vote by telephone or electronically, or complete, sign, date and return the enclosed proxy card(s) in the enclosed prepaid envelope so that you will be represented at the Meeting.

Proxy Statement/Prospectus

November 12, 2020

AMG FUNDS III
600 Steamboat Road, Suite 300
Greenwich, Connecticut 06830
(800) 548-4539

AMG FUNDS
600 Steamboat Road, Suite 300
Greenwich, Connecticut 06830
(800) 548-4539

WHAT IS THIS DOCUMENT AND WHY ARE YOU RECEIVING IT?

This document (the “**Proxy Statement/Prospectus**”) is both the proxy statement for AMG GW&K Mid Cap Fund (formerly AMG Managers Cadence Mid Cap Fund) (the “**Target Fund**”) and a prospectus for AMG GW&K Small/Mid Cap Fund (the “**Acquiring Fund**”). We refer to the Target Fund and the Acquiring Fund together as the “**Funds**,” and each as a “**Fund**.” It contains the information that shareholders of the Target Fund should know before voting on the approval of a proposed Agreement and Plan of Reorganization (the “**Plan of Reorganization**”) that provides for the reorganization of the Target Fund into the Acquiring Fund (the “**Reorganization**”). Please retain this Proxy Statement/Prospectus for future reference. The Target Fund is a series of AMG Funds III (“**AMG Funds III**”), an open-end management investment company, and the Acquiring Fund is a series of AMG Funds (“**AMG Funds**”), an open-end management investment company. We refer to AMG Funds III and AMG Funds together as the “**Trusts**,” and each as a “**Trust**.” The closing of the Reorganization is subject to a number of conditions, including the condition that shareholders of the Target Fund approve the Reorganization. If the Reorganization is approved, we expect the Reorganization will be completed on or about February 8, 2021, or as soon thereafter as practicable (the “**Closing Date**”), provided all of the other closing conditions have been satisfied or waived. Additional information regarding the Reorganization is contained in this Proxy Statement/Prospectus.

At a meeting held on October 8, 2020, and based upon the recommendation of AMGF and other factors, including that Pacific Global Asset Management, the parent company of Cadence Capital Management LLC (“**Cadence**”), the then-current subadviser of the Fund, had announced its intent to close Cadence before December 31, 2020, the Board of Trustees of AMG Funds III terminated the Target Fund’s subadvisory agreement with Cadence and approved the appointment of GW&K Investment Management, LLC (“**GW&K**”) as the subadviser to the Target Fund on an interim basis to replace Cadence, with GW&K’s services beginning on October 8, 2020. GW&K was appointed interim subadviser to the Target Fund pursuant to an interim subadvisory agreement (the “**Interim Subadvisory Agreement**”) as permitted by Rule 15a-4 under the Investment Company Act of 1940, as amended (the “**1940 Act**”). At the meeting held on October 8, 2020, the Board of Trustees of AMG Funds III also approved the longer-term appointment of GW&K as the subadviser to the Target Fund and the adoption of a new subadvisory agreement between AMG Funds LLC (“**AMGF**”), investment manager to the Target Fund, and GW&K with respect to the Target Fund (the “**New Subadvisory Agreement**”), subject to shareholder approval. If approved by shareholders, the New Subadvisory Agreement would only go into effect in the event that the Reorganization has not been consummated prior to March 7, 2021, when the Interim Subadvisory Agreement will automatically terminate. The Proxy Statement/Prospectus contains the information that shareholders of the Target Fund should know before voting on the approval of the New Subadvisory Agreement.

If the shareholders of the Target Fund do not approve either of the proposals, the Board of Trustees of AMG Funds III will determine what further action, if any, is appropriate for the Target Fund. The Proxy Statement/Prospectus and the enclosed proxy card (the “**Proxy Card**”) are expected to be mailed to shareholders beginning on or about November 16, 2020.

HOW WILL THE REORGANIZATION WORK?

The Reorganization of the Target Fund will involve three steps:

- (1) the transfer of all of the assets of the Target Fund to the Acquiring Fund in exchange for the assumption by the Acquiring Fund of all of the liabilities of the Target Fund and the delivery to the Target Fund of shares of the Acquiring Fund with a value equal to the value of the assets transferred by the Target Fund, net of liabilities (all as determined immediately prior to the transaction using the Acquiring Fund’s valuation policies);

- (2) the pro rata distribution of Class N, Class I, and Class Z shares of the Acquiring Fund to the Class N, Class I, and Class Z shareholders of record, respectively, of the Target Fund, as of the effective date of the Reorganization in full redemption of all such shares of the Target Fund; and
- (3) the liquidation and termination of the Target Fund.

As a result of the Reorganization, shareholders of each share class of the Target Fund will receive shares of the corresponding share class of the Acquiring Fund as set forth in the table below. The total net asset value of the Acquiring Fund shares that a shareholder will receive in the Reorganization will be the same as the total net asset value of the shares of the Target Fund that such shareholder held immediately before the Reorganization, based upon the Acquiring Fund's valuation procedures. A form of the Plan of Reorganization is attached to this document as Appendix A.

Target Fund

AMG GW&K Mid Cap Fund

Class N

Class I

Class Z

→

→

→

Acquiring Fund

AMG GW&K Small/Mid Cap Fund

Class N

Class I

Class Z

After the Reorganization, AMGF will continue to provide the overall investment oversight responsibilities as the investment manager of the Acquiring Fund as well as administration and shareholder services for the Acquiring Fund. Because GW&K, the current subadviser of the Acquiring Fund and the interim subadviser of the Target Fund, is an affiliate of AMGF, AMGF indirectly benefits from the compensation received by GW&K. The AMG Funds Family of Funds is a mutual fund complex comprised of 49 different funds, each having distinct investment management objectives, strategies, risks, and policies. If the Reorganization is approved and consummated, shareholders of the Target Fund will own shares of the Acquiring Fund.

The Securities and Exchange Commission has not approved or disapproved of these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

IS ADDITIONAL INFORMATION ABOUT THE ACQUIRING FUND AVAILABLE?

Yes, additional information about the Acquiring Fund is available in the:

- Statutory Prospectus for the Acquiring Fund;
- Annual and Semi-Annual Reports to shareholders of the Acquiring Fund; and
- Statement of Additional Information, or “SAI,” for the Acquiring Fund.

These documents are on file with the Securities and Exchange Commission, which we refer to in the Proxy Statement/Prospectus as the “SEC.”

The following documents are incorporated by reference and legally considered to be part of this document:

- [Statutory Prospectus for the Target Fund, dated October 1, 2020](#), as supplemented [October 8, 2020](#);
- [SAI for the Target Fund, dated October 1, 2020](#), as supplemented [October 8, 2020](#);
- The report of the Independent Registered Public Accounting Firm and the audited financial highlights and financial statements included in the [Annual Report to Shareholders of the Target Fund for the year ended May 31, 2020](#); and
- SAI, dated November 12, 2020, related to this Proxy Statement/Prospectus

This Proxy Statement/Prospectus should be retained for future reference.

Copies of all of the documents referred to above are available upon request without charge by writing to or calling:

AMG Funds III
600 Steamboat Road, Suite 300
Greenwich, Connecticut 06830
1-800-548-4539

AMG Funds
600 Steamboat Road, Suite 300
Greenwich, Connecticut 06830
1-800-548-4539

You also may view or obtain copies of these documents from the SEC:

In Person: At the SEC's Public Reference Room in Washington, D.C. Call 202-551-8090 for hours of operation.

By Mail: Public Reference Section
Securities and Exchange Commission

100 F Street, N.E.
Washington, DC 20549-6009
(duplicating fee required)

By Email: publicinfo@sec.gov
(duplicating fee required)

By Internet: www.sec.gov

www.amgfunds.com

OTHER IMPORTANT THINGS TO NOTE:

- An investment in the Acquiring Fund or the Target Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.
- You may lose money by investing in the Acquiring Fund or the Target Fund.

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I. PROPOSAL 1: THE REORGANIZATION

1. SYNOPSIS

THE REORGANIZATION

The Board of Trustees of AMG Funds III and the Board of Trustees of AMG Funds have approved the Reorganization and, in connection with the Reorganization, AMG Funds III agreed to solicit the approval of the Target Fund's shareholders for the Reorganization of the Target Fund (a series of AMG Funds III) into the Acquiring Fund (a series of AMG Funds).

AMG Funds III has called a special meeting of the shareholders of the Target Fund to allow the shareholders of the Target Fund to vote on the proposed Reorganization.

AMGF currently serves as the investment manager of the Target Fund, and GW&K currently serves as subadvisor to the Target Fund under the Interim Subadvisory Agreement. Following the Reorganization, the Acquiring Fund will continue to be managed by AMGF and subadvised by GW&K. GW&K, as subadvisor to the Acquiring Fund, has day-to-day portfolio management responsibility for the Acquiring Fund. Those personnel currently have day-to-day portfolio management responsibility for the Target Fund as well.

Following the Reorganization, overall responsibility for investment management, administration, and shareholder servicing, which is currently performed by AMGF for both the Target Fund and the Acquiring Fund, will continue to be the responsibility of AMGF for the Acquiring Fund.

U.S. FEDERAL INCOME TAX CONSEQUENCES

In general, the Reorganization is expected to be tax-free for U.S. federal income tax purposes and will not take place unless the Target Fund and the Acquiring Fund receive a satisfactory opinion of tax counsel substantially to the effect that the Reorganization will be tax-free for such purposes, as described in more detail in the section entitled "Tax Status of the Reorganization" below. Accordingly, subject to the limited exceptions described in that section, no gain or loss is expected to be recognized by the Target Fund or its shareholders as a direct result of the Reorganization. Moreover, the Acquiring Fund's tax basis in the assets transferred to it from the Target Fund is expected to be the same as the Target Fund's tax basis in such assets, and the Acquiring Fund's holding period for the assets it receives from the Target Fund is expected to include the Target Fund's holding period in such assets. In addition, the Target Fund shareholders' aggregate tax basis in their Target Fund shares is expected to carry over to their Acquiring Fund Shares, and the Target Fund shareholders' holding period in their Acquiring Fund Shares is expected to include such shareholders' holding period in their Target Fund shares.

A substantial portion of the portfolio will already be turned over at the time GW&K takes over management of the Target Fund and, consequently, the Target Fund expects a minimal amount of portfolio turnover in connection with the Reorganization. In the event the Target Fund sells portfolio assets in connection with the Reorganization, the actual tax effect of such sales will depend on the difference between the price at which such portfolio assets are sold and the tax basis of the Target Fund in such assets. Any capital gains recognized in any such sales on a net basis, after reduction by any available capital losses, will be distributed to shareholders as capital gain dividends (to the extent of net realized long-term capital gains over net realized short-term capital losses) or ordinary dividends (to the extent of net realized short-term capital gains over net realized long-term capital losses) during or with respect to the year of sale, and such distributions will be taxable to shareholders. Additionally, because the Reorganization will end the tax year of the Target Fund, it will accelerate distributions to shareholders from the Target Fund for its tax year ending on the date of the Reorganization. Those tax year-end distributions will be taxable to shareholders of the Target Fund, and will include any distributable, but not previously distributed, capital gains resulting from portfolio turnover prior to consummation of the Reorganization.

At any time prior to the Reorganization, a shareholder may redeem shares of the Target Fund. Any such redemption would likely result in the recognition of gain or loss by the shareholder for U.S. federal income tax purposes. If a shareholder holds Target Fund shares in a non-taxable account, distributions and redemption proceeds with respect to those shares will not be taxable to the shareholder if those amounts remain in the non-taxable account.

For more information about the U.S. federal income tax consequences of the Reorganization, see the section entitled "Tax Status of the Reorganization" below.

INVESTMENT OBJECTIVE AND STRATEGIES

The Target Fund and the Acquiring Fund have substantively similar investment objectives and principal investment strategies. The investment objectives and principal investment strategies of the Target Fund and the Acquiring Fund are set forth in the table below. Each Fund primarily invests in equity securities of U.S. companies and pursues quality companies with either growth- or value-oriented characteristics.

The investment objective of each Fund is not a fundamental policy and thus may be changed without notice or shareholder approval although there is no present intention to do so. Neither Fund will change its investment policy with respect to 80% of its net assets unless the Fund provides its shareholders with the notice required by Rule 35d-1 under the 1940 Act, as it may be amended by the SEC from time to time.

	Target Fund	Acquiring Fund
Investment Objective	The investment objective of the Target Fund is to seek growth of capital.	The investment objective of the Acquiring Fund is to provide investors with long-term capital appreciation.
Investment Strategies	Under normal circumstances, the Target Fund seeks to achieve its investment objective by investing at least 80% of its net assets (plus borrowings made for investment purposes) in common stocks of U.S. companies with medium market capitalizations. The Target Fund primarily invests in common stock of U.S. mid-capitalization companies. The Target Fund currently defines medium market capitalization companies as those with a market capitalization within the market capitalization range of the companies represented in the Russell Midcap Index (between \$1.8 billion and \$31.7 billion as of May 8, 2020, the date of the latest reconstitution of the Index (implemented by the Index June 26, 2020)). This capitalization range will change over time. The Target Fund may continue to hold securities of a portfolio company that subsequently drops below or appreciates above this capitalization threshold. Because of this, the Target Fund may have less than 80% of its net assets in equity securities of companies with medium market capitalizations at any given time. The Target Fund may also invest in securities of companies outside of the medium-market capitalization range. The Target Fund invests in an unrestricted opportunity set, pursuing quality companies with either growth- or value-oriented characteristics. GW&K Investment Management, LLC, the subadviser to the Target Fund (“GW&K” or the “Subadviser”), seeks to assemble a portfolio of securities diversified as to companies and industries. The Subadviser may consider increasing or reducing the Target Fund’s investment in a particular industry in view of the Target Fund’s goal of achieving industry diversification. The Subadviser utilizes fundamental research and bottom-up stock selection to seek to identify medium market capitalization companies with sustainable earnings growth in niche markets, and whose management is focused on enhancing value for shareholders. The Target Fund seeks to hold securities for the long term. The Target Fund aims	Under normal circumstances, the Acquiring Fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of small- and mid-capitalization companies. The Acquiring Fund primarily invests in common stock and preferred stock of U.S. small- and mid-capitalization companies. Small- and mid-capitalization companies are those with a market capitalization, at the time of purchase, between \$250 million and \$10 billion or otherwise within the range of capitalizations of companies in the Russell 2500® Index (between \$94.8 million and \$11.5 billion as of May 8, 2020, the date of the latest reconstitution of the Index (implemented by the Index June 26, 2020)). This capitalization range will change over time. The Acquiring Fund may continue to hold securities of a portfolio company that subsequently drops below or appreciates above this capitalization threshold. Because of this, the Acquiring Fund may have less than 80% of its net assets in equity securities of small- and mid-capitalization companies at any given time. The Acquiring Fund invests in an unrestricted opportunity set, pursuing quality companies with either growth- or value-oriented characteristics. GW&K Investment Management, LLC, the subadviser to the Acquiring Fund (“GW&K” or the “Subadviser”), seeks to assemble a portfolio of securities diversified as to companies and industries. The Subadviser may consider increasing or reducing the Acquiring Fund’s investment in a particular industry in view of the Acquiring Fund’s goal of achieving industry diversification. The Subadviser utilizes fundamental research and bottom-up stock selection to seek to identify small- and mid- capitalization companies with sustainable earnings growth in niche markets, and whose management is focused on enhancing value for shareholders. The Acquiring Fund seeks to hold securities for the long term. The Acquiring Fund aims to participate in rising markets and defend in down markets.

	to participate in rising markets and defend in down markets. The Subadviser seeks to focus on quality medium market capitalization companies with sound management and long-term sustainable growth regardless of style. In selecting companies for the Target Fund, the Subadviser looks for firms with the following key attributes: • Experienced, tenured, high quality management; • Business models that deliver consistent long-term growth; • Leading companies in attractive and defensible niche markets; • Strong financial characteristics; and • Appropriate valuation. Various factors may lead the Subadviser to consider selling a particular security, such as a significant change in the relevant company's senior management or its products, a deterioration in its fundamental characteristics, if the company has corporate governance issues, or if the Subadviser believes the security has become overvalued.	The Subadviser seeks to focus on quality small- and mid-capitalization companies with sound management and long-term sustainable growth regardless of style. In selecting companies for the Acquiring Fund, the Subadviser looks for firms with the following key attributes: • Experienced, tenured, high quality management; • Business models that deliver consistent long-term growth; • Leading companies in attractive and defensible niche markets; • Strong financial characteristics; and • Appropriate valuation. Various factors may lead the Subadviser to consider selling a particular security, such as a significant change in the relevant company's senior management or its products, a deterioration in its fundamental characteristics, if the company has corporate governance issues, or if the Subadviser believes the security has become overvalued.
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Each Fund's compliance with its investment limitations and requirements described in this Proxy Statement/Prospectus is usually determined at the time of investment. If such percentage limitation is complied with at the time of an investment, any subsequent change in percentage resulting from a change in values or assets, or a change in market capitalization of a company in which a Fund invests, will not constitute a violation of that limitation.

Each Fund may, from time to time, take a temporary defensive position that is inconsistent with its principal investment strategies. When GW&K believes a temporary defensive position is necessary for a Fund in response to adverse market, economic, political or other conditions, the Fund may invest a portion of its assets (in the case of the Acquiring Fund, any amount of its net assets) in money market securities, cash or cash equivalents. Taking a defensive position might prevent a Fund from achieving its investment objective.

Except as otherwise indicated, all of the foregoing investment strategies with respect to the Funds may be changed without shareholder approval.

For additional information about the Acquiring Fund's non-principal investment strategies, please see the SAI relating to this Proxy Statement/Prospectus.

COMPARISON OF FEES AND EXPENSES

As is the case with an investment in the Target Fund, shareholders of the Acquiring Fund will incur indirectly various expenses borne by the Fund because the Fund pays fees and expenses that reduce the return on your investment. The following table describes the estimated expected impact of the Reorganization on the fees and expenses of the Target Fund. The Reorganization itself will not cause a shareholder to directly pay any additional fees.

The Target Fund has agreed to pay AMGF an investment management fee at an annual rate of 0.45%, and the Acquiring Fund has agreed to pay AMGF an investment management fee at an annual rate of 0.62%. Each Fund pays AMGF an administration fee at an annual rate of 0.15% of such Fund's average daily net assets. Class N and Class I shares of the Target Fund are each authorized to pay up to 0.15% in shareholder servicing fees. Class I shares of the Acquiring Fund are authorized to pay up to 0.05% in shareholder servicing fees. The fee structure of the Acquiring Fund will remain in place following the Reorganization.

The total operating expense ratio of Class N and Class I shares of the Acquiring Fund as of the Closing Date is expected to be the same as the total operating expense ratio of the corresponding class of shares of the Target Fund on that date, after giving effect to contractual expense waivers and reimbursements. The total operating expense ratio of Class Z shares of the Acquiring Fund as of the Closing Date is expected to be higher than the total operating expense ratio of the corresponding class of shares of the Target Fund on that date, after giving effect to contractual expense waivers and reimbursements. There can be no assurance that the Reorganization will result in long-term expense savings. Certain fees waived and expenses reimbursed by AMGF are subject to recoupment in limited circumstances as noted below.

The information in the tables below reflects the estimated fees and expenses for the Target Fund's fiscal year ended May 31, 2020 and the Acquiring Fund's six-month semi-annual period ended June 30, 2020 (annualized), as well as the pro forma fees and expenses for the twelve months ended June 30, 2020 for the combined fund following the Reorganization as if the Reorganization had occurred at the beginning of the period. The estimates are based on contracts and agreements that are in effect currently. The actual fees and expenses of each class of each Fund and the Acquiring Fund as of the Closing Date may differ from those reflected in the tables below due to changes in net assets from those during the periods reflected in the tables. Changes in net assets may result from purchases and redemptions of Fund shares, market appreciation or depreciation, and other factors occurring between that date and the Closing Date. As a general matter, changes (positive or negative) in a Fund's expense ratio resulting from fluctuations in the Target Fund's or Acquiring Fund's net assets will be borne by shareholders of the applicable Fund and the Acquiring Fund. For additional information concerning the net assets of each Fund, please see "SUMMARY OF DIFFERENCES BETWEEN THE TARGET FUND AND THE ACQUIRING FUND — Existing and Pro Forma Capitalizations" below.

Target Fund, Acquiring Fund and Pro Forma – Acquiring Fund

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)

Fund/Share Class	Management Fees ⁽¹⁾	Distribution and/or Service (12b-1) Fees	Other Expenses ⁽¹⁾	Total Annual Fund Operating Expenses	Fee Waiver and Expense Reimbursements	Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements
Target Fund – Class N	0.45%	0.25%	0.42%	1.12%	(0.05)% ⁽²⁾	1.07%
Acquiring Fund – Class N	0.62%	0.25%	0.24%	1.11%	(0.04)% ⁽³⁾	1.07%
Pro Forma – combined						
Acquiring Fund –Class N	0.62%	0.25%	0.23%	1.10%	(0.03)% ⁽³⁾	1.07%

Fund/Share Class	Management Fees ⁽¹⁾	Distribution and/or Service (12b-1) Fees	Other Expenses ⁽¹⁾	Total Annual Fund Operating Expenses	Fee Waiver and Expense Reimbursements	Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements
Target Fund – Class I	0.45%	None	0.47%	0.92%	(0.05)% ⁽²⁾	0.87%
Acquiring Fund – Class I	0.62%	None	0.29%	0.91%	(0.04)% ⁽³⁾	0.87%
Pro Forma – combined						
Acquiring Fund –Class I	0.62%	None	0.28%	0.90%	(0.03)% ⁽³⁾	0.87%

Fund/Share Class	Management Fees ⁽¹⁾	Distribution and/or Service (12b-1) Fees	Other Expenses ⁽¹⁾	Total Annual Fund Operating Expenses	Fee Waiver and Expense Reimbursements	Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements
Target Fund – Class Z	0.45%	None	0.32%	0.77%	(0.05)% ⁽²⁾	0.72%
Acquiring Fund – Class Z	0.62%	None	0.24%	0.86%	(0.04)% ⁽³⁾	0.82%
Pro Forma – combined						
Acquiring Fund –Class Z	0.62%	None	0.23%	0.85%	(0.03)% ⁽³⁾	0.82%

(1) Acquiring Fund fees and expenses have been restated to reflect current fees.

(2) AMGF has contractually agreed, through at least October 1, 2021, to waive management fees and/or pay or reimburse the Target Fund's expenses in order to limit Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements (exclusive of taxes, interest (including interest incurred in connection with bank and custody overdrafts and in connection with securities sold short), shareholder servicing fees, distribution and service (12b-1) fees, brokerage commissions and other transaction costs, dividends payable with respect to securities sold short, acquired fund fees and expenses, and extraordinary expenses) of the Target Fund to the annual rate of 0.72% of the Target Fund's average daily net assets (for purposes of this paragraph, this annual rate or such other annual rate that may be in effect from time to time, the "Expense Cap"), subject to later reimbursement by the Target Fund in certain circumstances. In general, for a period of up to 36 months after the date any amounts are paid, waived or reimbursed by AMGF, AMGF may recover such amounts from the Target Fund, provided that such repayment would not cause the Target Fund's Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements (exclusive of the items noted in the parenthetical above) to exceed either (i) the Expense Cap in effect at the time such amounts were paid, waived or reimbursed, or (ii) the Expense Cap in effect at the time of such repayment by the Target Fund. The contractual expense limitation may only be terminated in the event AMGF or a successor ceases to be the investment manager of the Target Fund or a successor fund, by mutual agreement between AMGF

and the AMG Funds III Board of Trustees or in the event of the Target Fund's liquidation unless the Target Fund is reorganized or is a party to a merger in which the surviving entity is successor to the accounting and performance information of the Target Fund.

(3) AMGF has contractually agreed, through at least May 1, 2022, to waive management fees and/or pay or reimburse the Acquiring Fund's expenses in order to limit Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements (exclusive of taxes, interest (including interest incurred in connection with bank and custody overdrafts and in connection with securities sold short), shareholder servicing fees, distribution and service (12b-1) fees, brokerage commissions and other transaction costs, dividends payable with respect to securities sold short, acquired fund fees and expenses, and extraordinary expenses) of the Acquiring Fund to the annual rate of 0.82% of the Acquiring Fund's average daily net assets (for purposes of this paragraph, this annual rate or such other annual rate that may be in effect from time to time, the "Expense Cap"), subject to later reimbursement by the Acquiring Fund in certain circumstances. In general, for a period of up to 36 months after the date any amounts are paid, waived or reimbursed by AMGF, AMGF may recover such amounts from the Acquiring Fund, provided that such repayment would not cause the Acquiring Fund's Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements (exclusive of the items noted in the parenthetical above) to exceed either (i) the Expense Cap in effect at the time such amounts were paid, waived or reimbursed, or (ii) the Expense Cap in effect at the time of such repayment by the Acquiring Fund. The contractual expense limitation may only be terminated in the event AMGF or a successor ceases to be the investment manager of the Acquiring Fund or a successor fund, by mutual agreement between AMGF and the AMG Funds Board of Trustees or in the event of the Acquiring Fund's liquidation unless the Acquiring Fund is reorganized or is a party to a merger in which the surviving entity is successor to the accounting and performance information of the Acquiring Fund.

Example

This Example will help you compare the cost of investing in the Target Fund, the Acquiring Fund and the pro forma combined Acquiring Fund, giving effect to the Reorganization, to the cost of investing in other mutual funds. The Example makes certain assumptions. It assumes that you invest \$10,000 as an initial investment in each Fund for the time periods indicated and then redeem all of your shares at the end of those periods. It also assumes that your investment in each Fund has a 5% total return each year and each Fund's operating expenses remain the same. The Target Fund's Example includes the Target Fund's contractual expense limitation through October 1, 2021 and the pro forma and Acquiring Fund's Example includes the Acquiring Fund's contractual expense limitation through May 1, 2022. Although your actual costs may be higher or lower, based on the above assumptions, your costs would be:

FUND/SHARE CLASS	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Target Fund – Class N	\$ 109	\$ 351	\$ 612	\$ 1,359
Acquiring Fund – Class N	\$ 109	\$ 346	\$ 605	\$ 1,346
Pro Forma – Acquiring Fund – Class N	\$ 109	\$ 347	\$ 603	\$ 1,338

FUND/SHARE CLASS	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Target Fund – Class I	\$ 89	\$ 288	\$ 504	\$ 1,127
Acquiring Fund – Class I	\$ 89	\$ 284	\$ 498	\$ 1,114
Pro Forma – Acquiring Fund – Class I	\$ 89	\$ 284	\$ 496	\$ 1,105

FUND/SHARE CLASS	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Target Fund – Class Z	\$ 74	\$ 241	\$ 423	\$ 949
Acquiring Fund – Class Z	\$ 84	\$ 268	\$ 470	\$ 1,055
Pro Forma – Acquiring Fund – Class Z	\$ 84	\$ 268	\$ 468	\$ 1,046

The purpose of these tables is to assist an investor in understanding the various types of costs and expenses that an investor in Class N, Class I, and Class Z shares of the Acquiring Fund will bear, whether directly or indirectly. **The information in the previous tables should not be considered a representation of past or future expenses or rates of return. Actual expenses or returns may be greater or less than those shown and may change.**

PORTFOLIO TURNOVER

Each of the Target Fund and the Acquiring Fund may sell any security when it believes the sale is consistent with the Fund's investment strategies and in the Fund's best interest to do so. This may result in active and frequent trading of portfolio securities. A portfolio turnover rate greater than 100% would indicate that a fund sold and replaced the entire value of its securities holdings during the previous one-year period. The Target Fund and Acquiring Fund each pay transaction

costs, such as commissions, when they buy and sell securities (or “turn over” their portfolios). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses or in the Example, affect each Fund’s performance. During each Fund’s most recent fiscal year (ended May 31, 2020 for the Target Fund and ended December 31, 2019 for the Acquiring Fund), the Target Fund’s and Acquiring Fund’s portfolio turnover rates were 57% and 18%, respectively, of the average value of their portfolios.

PERFORMANCE

The following performance information illustrates the risks of investing in the Acquiring Fund by showing changes in the Acquiring Fund’s performance from year to year and by showing how the Acquiring Fund’s performance compares to that of a broad-based securities market index. As always, past performance of the Acquiring Fund (before and after taxes) is not an indication of how the Acquiring Fund will perform in the future. As of February 27, 2017, the Acquiring Fund changed its name from “AMG GW&K Small Cap Growth Fund” to “AMG GW&K Small/Mid Cap Fund,” adopted the Acquiring Fund’s current investment strategies, and began comparing its performance to the Russell 2500™ Index. Prior to February 27, 2017 (including the periods shown below prior to February 27, 2017), the Acquiring Fund focused on a small-cap equity strategy. The Acquiring Fund’s performance information for periods prior to February 27, 2017 reflects the Acquiring Fund’s investment strategy that was in effect at that time and may have been different had the Acquiring Fund’s current investment strategy been in effect.

Effective October 1, 2016, outstanding Institutional Class shares of the Acquiring Fund were renamed Class I shares.

To obtain updated performance information please visit www.amgfunds.com or call 800.548.4539.

Calendar Year Total Returns as of 12/31/19 (Class I)



Best Quarter: 14.51% (1st Quarter 2019)

Worst Quarter: -17.21% (4th Quarter 2018)

Average Annual Total Returns as of 12/31/19

Acquiring Fund	1 Year	Since Inception
Class I Return Before Taxes	30.86%	7.07% ¹
Class I Return After Taxes on Distributions	30.78%	6.76% ¹
Class I Return After Taxes on Distributions and Sale of Fund Shares	18.32%	5.42% ¹
Class N Return Before Taxes	30.64%	9.90% ²
Class Z Return Before Taxes	30.94%	10.16% ²

Russell 2500™ Index (reflects no deduction for fees, expenses, or taxes)	27.77%	8.82% ¹
Russell 2500™ Index (reflects no deduction for fees, expenses, or taxes)	27.77%	9.37% ²

¹ Class I and Index performance shown reflects performance since the inception date of the Acquiring Fund's Class I shares on June 30, 2015.

² Class N, Class Z and Index performance shown reflects performance since the inception date of the Acquiring Fund's Class N and Class Z shares on February 24, 2017.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Acquiring Fund shares through tax-advantaged arrangements, such as 401(k) plans or individual retirement accounts ("IRAs"). After-tax returns are shown for Class I shares only, and after-tax returns for Class N and Class Z shares will vary.

PURCHASE PROCEDURES

The purchase procedures of the Target Fund and the Acquiring Fund are substantially the same, except as otherwise noted. This section describes the purchase procedures of the Acquiring Fund. Shares of the Acquiring Fund may be purchased directly from the Acquiring Fund, as well as through retirement or savings plans or financial intermediaries.

Acquiring Fund Pricing

The Class N, Class I, and Class Z shares of the Acquiring Fund are subject to different types and levels of expenses and minimum initial investment amounts, as described below.

The Class N shares of the Acquiring Fund are subject to the expenses of a 12b-1 plan of distribution adopted by the Board of Trustees of AMG Funds. Because each class bears fees and expenses in different amounts, and Class N and Class I shares also bear shareholder servicing fees in different amounts, the net asset value (the "NAV") per share of the classes may differ. Class N shares are expected to have lower total returns than Class I and Class Z shares, and Class I shares are expected to have lower total returns than Class Z shares. In all other material respects, the Class N, Class I and Class Z shares are the same, each share representing a proportionate interest in the Acquiring Fund. Each class of shares of the Acquiring Fund is subject to a minimum investment amount, as described below.

Your purchase or redemption of Acquiring Fund shares is based on each class's share price. The price at which you purchase and redeem your shares is based on the NAV per share next determined after your purchase or redemption order is received on each day the New York Stock Exchange (the "NYSE") is open for trading. The NAV per share of each class of shares of the Acquiring Fund is equal to the class's net worth (assets minus liabilities) divided by the number of shares outstanding for that class. The NAV for each class is calculated at the close of regular business of the NYSE, usually 4:00 p.m. New York time. Purchase orders received after 4:00 p.m. from certain processing organizations that have entered into contractual arrangements with the Acquiring Fund will also receive that day's offering price provided that the purchase orders the processing organization transmits to the Acquiring Fund were received by the processing organization in proper form before 4:00 p.m. Likewise, redemption orders received after 4:00 p.m. from certain processing organizations that have entered into contractual arrangements with the Acquiring Fund will also be redeemed at the NAV computed that day provided that the orders the processing organization transmits to the Acquiring Fund were received by the processing organization in proper form before 4:00 p.m.

Current net asset values per share for the Acquiring Fund are available on the Acquiring Fund's website at www.amgfunds.com.

Investments traded in foreign markets may trade when the NYSE is closed. Those investments are generally valued at the closing of the exchange where they are primarily traded. Foreign securities may trade on days when the Acquiring Fund is not open for business, thus affecting the value of the Acquiring Fund's assets on days when the Acquiring Fund shareholders may not be able to buy or sell Acquiring Fund shares.

Class N shares of the Acquiring Fund have no up-front sales charges or deferred sales charges. Your entire amount invested purchases Acquiring Fund shares at the Class N's NAV. Shareholders of Class N shares of the Acquiring Fund do not bear shareholding servicing fees for shareholder servicing provided by financial intermediaries, such as broker-dealers (including fund supermarket platforms), banks, and trust companies. Shareholders of Class N shares of the Target Fund may bear shareholder servicing fees of up to 0.15% for shareholder servicing provided by financial intermediaries, such as broker-dealers (including fund supermarket platforms), banks, and trust companies. Shareholders of Class N shares also pay distribution (12b-1) fees of 0.25%.

Class I shares have no up-front sales charges or deferred sales charges. Your entire amount invested purchases Acquiring Fund shares at the Class I's NAV. Shareholders may bear shareholder servicing fees of up to 0.05% with respect to the Acquiring Fund (0.15% with respect to the Target Fund) for shareholder servicing provided by financial intermediaries, such as broker-dealers (including fund supermarket platforms), banks, and trust companies. The Class I shares do not pay distribution (12b-1) fees. Shareholders who transact in Class I shares through a financial intermediary may be required to pay a commission to the financial intermediary for effecting such transactions.

Class Z shares have no up-front sales charges or deferred sales charges. Your entire amount invested purchases Acquiring Fund shares at the Class Z's NAV. Shareholders do not bear shareholder servicing fees for shareholder servicing provided by financial intermediaries, such as broker-dealers (including fund supermarket platforms), banks, and trust companies. The Class Z shares do not pay distribution (12b-1) fees. Individual retirement accounts may only invest in Class Z shares if the account is held directly on the books of the Acquiring Fund (e.g., not through an omnibus or NSCC networked account established by a financial intermediary).

Acquiring Fund Fair Value Policy

The Acquiring Fund's investments are generally valued based on market quotations provided by third-party pricing services approved by the Board of Trustees of AMG Funds. Under certain circumstances, an Acquiring Fund investment will be priced based on an evaluation of its fair value, according to procedures established by and under the general supervision of the AMG Funds Board of Trustees. The Acquiring Fund may use the fair value of a portfolio investment to calculate its NAV in the event that the market quotation, price or market based valuation for the portfolio investment is not deemed to be readily available or otherwise not determinable pursuant to the Board of Trustees' valuation procedures, if AMGF believes the quotation, price or market based valuation to be unreliable, or in certain other circumstances.

Portfolio investments that trade primarily on foreign markets are priced based upon the market quotation of such securities as of the close of their respective principal markets. Unless a foreign equity security is fair valued, if there are no reported sales for such security on the valuation date, it may be valued at the last quoted bid price or the mean between the last quoted bid and ask prices. The Board of Trustees of AMG Funds has adopted a policy that securities held in the Acquiring Fund that can be fair valued by the applicable fair value pricing service are fair valued on each business day provided that each individual price exceeds a pre-established confidence level.

The Acquiring Fund may invest in securities that may be thinly traded. The Board of Trustees of AMG Funds has adopted procedures to adjust prices of securities that are judged to be stale so that they reflect fair value. An investment valued on the basis of its fair value may be valued at a price higher or lower than available market quotations.

Acquiring Fund Investment Minimums

The Acquiring Fund offers three classes of shares, Class N, Class I, and Class Z. The minimum initial investment for Class N shares of a Fund is \$2,000 for regular accounts and \$1,000 for IRAs. The minimum subsequent investment is \$100 for all Class N accounts. The minimum initial investment for Class I shares of a Fund is \$100,000 for regular accounts and \$25,000 for IRAs. The minimum subsequent investment is \$100 for all Class I accounts. The minimum initial investment for Class Z shares of a Fund is \$5,000,000 for regular accounts and \$50,000 for IRAs. Individual retirement accounts may only invest in Class Z shares of a Fund by purchasing shares directly from the Fund. The minimum subsequent investment is \$1,000 for all Class Z accounts.

Shareholders of the Target Fund will not need to satisfy the minimum investment amounts of the Acquiring Fund in order to receive the corresponding class of shares of the Acquiring Fund upon consummation of the Reorganization, but will need to satisfy the minimum investment amounts in order to purchase shares of other funds in the AMG Funds Family of Funds after the Reorganization.

The Acquiring Fund may suspend sales or postpone payments when the NYSE is closed for any reason other than its usual weekend or holiday closings or when the SEC restricts trading; change the minimum required investment amounts; and refuse a buy order for any reason at its discretion, including the failure to submit a properly completed application. The

Acquiring Fund may also refuse an exchange request for any person or group if the Acquiring Fund determines that the request could adversely affect the Acquiring Fund, for example, if the person or group has engaged in excessive trading. This determination is at AMGF's discretion, based on a case-by-case analysis consistent with AMG Funds' policies and procedures regarding frequent trading. The Acquiring Fund may end or limit the exchange privilege policy after giving 60 days' advance notice to shareholders or impose fees in connection with exchanges or sales. See "Synopsis – Exchange Rights" below.

REDEMPTION PROCEDURES

The redemption procedures of the Target Fund and the Acquiring Fund are substantially the same. This section describes the redemption procedures of the Acquiring Fund. Shareholders may redeem shares of the Acquiring Fund any day that the NYSE is open for business. The Acquiring Fund allows, with certain limitations, redemptions of shares from the Acquiring Fund by mail, telephone, wire transfer, and over the Internet at www.amgfunds.com.

The Acquiring Fund may redeem shares in an account if balances fall below a certain amount. Specifically, the Acquiring Fund may redeem a shareholder's account if its value (i) falls below \$500 for Class N shares, \$25,000 for Class I shares or \$50,000 for Class Z shares due to redemptions the shareholder makes, or (ii) is below \$100, but, in each case, not until after the Acquiring Fund gives the shareholder at least 60 days' notice and the opportunity to increase the account balance to the minimum account balance amount. Whether AMG Funds will exercise its right to redeem shareholder accounts will be determined by AMGF on a case-by-case basis.

The Acquiring Fund or the Acquiring Fund's transfer agent may temporarily delay for more than seven days the disbursement of redemption proceeds from the account of a "Specified Adult" (as that term is defined in FINRA Rule 2165) based on a reasonable belief that financial exploitation of the Specified Adult has occurred, is occurring, has been attempted, or will be attempted, subject to certain conditions.

In connection with AMG Funds' anti-money laundering efforts, AMG Funds also may redeem Acquiring Fund shares at their net asset value and close a shareholder's account if a shareholder fails to timely provide the Trust with any requested documentation or information, the Trust is unable to verify such documentation or information within a reasonable amount of time, or the Trust is otherwise required by law to redeem Acquiring Fund shares.

The Acquiring Fund reserves the right to make a redemption-in-kind, a payment in portfolio securities instead of in cash. If the Acquiring Fund makes a redemption-in-kind, the securities received as payment remain subject to market and other risks until they are sold and such sales may result in transaction costs, such as brokerage fees.

The Acquiring Fund offers an automatic redemption plan, and may require a signature guarantee for redemptions. Under its automatic redemption plan, the Acquiring Fund permits shareholders to set an amount of \$100 or more to redeem each month. Automatic redemptions are normally completed on the 25th day of each month. If the 25th day falls on a weekend or holiday, the Acquiring Fund will complete the redemption on the next business day. The Acquiring Fund does not impose a redemption fee.

DIVIDENDS AND DISTRIBUTIONS

The dividend and distribution procedures of the Target Fund and the Acquiring Fund are substantially the same. This section describes the dividend and distribution procedures of the Acquiring Fund. The Acquiring Fund normally declares and pays any income dividends and net realized capital gain distributions, if any, annually in December. Most investors have their dividends and distributions reinvested in additional shares, and the Acquiring Fund will do this automatically unless you request otherwise. You may also change your election at any time by giving the Acquiring Fund written notice at least 10 days before the scheduled payment date.

FREQUENT TRADING POLICY

The frequent trading policy of the Target Fund and the Acquiring Fund are substantially the same. This section describes the frequent trading policy of the Acquiring Fund. The Board of Trustees of AMG Funds has adopted policies and procedures reasonably designed to prevent frequent trading in shares of the Acquiring Fund. Frequent trading may result from an effort by a shareholder to engage in "market timing." These activities may disrupt management of the Acquiring Fund's portfolio, increase the Acquiring Fund's expenses, and have a negative impact on the Acquiring Fund's performance. There may be additional risks due to frequent trading activities. As described previously, the Acquiring Fund has adopted procedures to minimize these risks.

To help prevent frequent trading, AMGF monitors the trading activities of the Acquiring Fund accounts on a daily basis, including large accounts maintained directly with the Acquiring Fund's transfer agent. If AMGF determines that an account shows a pattern of excessive trading and/or excessive exchanging among the AMG Funds Family of Funds, AMGF reviews the account's activities and may warn the account owner and/or restrict the account. AMGF also notifies the Acquiring Fund's transfer agent of any restriction and periodically informs the AMG Funds Board of Trustees about the implementation of these frequent trading policies and procedures.

The Acquiring Fund may refuse a purchase order for any reason and will limit or refuse an exchange request if AMGF believes that a shareholder is engaging in market timing activities that may harm the Acquiring Fund and its shareholders. Transactions accepted by a financial intermediary that violate the Acquiring Fund's frequent trading policies are not considered to be acceptable by the Acquiring Fund, and the Acquiring Fund may reject them on the next business day after the financial intermediary has received them.

Although the Acquiring Fund uses reasonable efforts to prevent market timing activities in the Acquiring Fund, its efforts may not always succeed. For example, although the Acquiring Fund strives to apply these policies and procedures uniformly to all accounts, the Acquiring Fund receives certain purchase, exchange, and redemption orders through financial intermediaries that maintain omnibus accounts with the Acquiring Fund. Although the Acquiring Fund has attempted to put safeguards in place to ensure that financial intermediaries have implemented procedures designed to deter market timing, the Acquiring Fund's ability to detect frequent trading activities by investors who hold shares through omnibus accounts at financial intermediaries will still be limited by the ability of the Acquiring Fund and such intermediaries to monitor for a pattern of excessive trading and/or excessive exchanging within an omnibus account.

EXCHANGE RIGHTS

The exchange rights of the Target Fund and the Acquiring Fund are substantially the same. This section describes the exchange rights of the Acquiring Fund. The Acquiring Fund offers shareholders exchange privileges, allowing shareholders to exchange shares of the Acquiring Fund for the same class of shares of other funds in AMG Funds or for shares of other funds managed by AMGF, subject to the applicable investment minimum. Not all funds managed by AMGF offer all classes of shares or are open to new investors.

In addition to exchanging shares described above, shareholders in the Acquiring Fund also may exchange their shares through AMGF for shares in the Agency share class of the JPMorgan U.S. Government Money Market Fund (the "**JPMorgan Fund**").

There is no fee associated with AMGF's exchange privilege, except as described below; however, an exchange may result in tax consequences. In addition, AMGF has implemented the following restrictions regarding exchanges:

- Except for the JPMorgan Fund, the value of the shares exchanged must meet the minimum purchase requirement of the fund and class for which you are exchanging them. There is no minimum purchase requirement to exchange into the JPMorgan Fund if you exchange out of a Fund through AMGF.
- The exchange privilege is available only if both of the accounts involved in the transaction are registered in the same name with the same address and taxpayer identification number.

You can request your exchange in writing, by telephone (if elected on the application), by Internet, or through your investment adviser, bank, or investment professional. Normally, the Acquiring Fund will execute the entire exchange transaction in a single business day.

Be sure to read the prospectus of any fund that you are considering for an exchange. Subject to the restrictions above, when you purchase a fund's shares by exchange, the same terms and conditions that apply to any new investment in that fund also apply to the exchange. The Acquiring Fund may discontinue, alter, or limit the exchange privileges at any time, subject to applicable law.

INVESTING THROUGH AN INTERMEDIARY

The Target Fund's and the Acquiring Fund's procedures for investing through a financial intermediary are substantially the same. This section describes the Acquiring Fund's procedures for investing through a financial intermediary. AMG Distributors, Inc. ("**AMGDI**"), a wholly-owned subsidiary of AMGF, serves as distributor for the Acquiring Fund. AMGF, GW&K and/or AMGDI, as applicable, may make direct or indirect payments to third parties in connection with the sale of the Acquiring Fund shares or the servicing of shareholder accounts.

If you invest through a third party such as a bank, broker-dealer (including through a fund supermarket platform), trust company or other financial intermediary (each of the above, a “Financial Intermediary”), rather than directly with the Acquiring Fund, certain purchase and redemption policies, fees, and minimum investment amounts may differ from those described in this Prospectus. Many, if not all, of these Financial Intermediaries may receive various forms of compensation in connection with the sale of Fund shares and/or the servicing of shareholder accounts. Such compensation from the Acquiring Fund may include receipt of distribution (12b-1) fees and/or shareholder servicing fees. For more information on 12b-1 fees, see below. Shareholder servicing fees are paid out of the assets of each of Class N and Class I shares on an ongoing basis for the receipt of certain shareholder services from Financial Intermediaries (including through fund supermarket platforms), including account maintenance, recordkeeping or sub-accounting, forwarding communications to shareholders, providing shareholders with account statements, transaction processing and customer liaison services, and will increase the cost to shareholders who invest in Class N and Class I shares. These payments are made pursuant to written agreements between the Financial Intermediaries and AMGF, AMGDI and/or the Acquiring Fund. Class I shares, which do not have any front-end sales charge, contingent deferred sales charge, or other asset-based fee for sales or distribution, such as a distribution (12b-1) fee, may be available on brokerage platforms of Financial Intermediaries that have agreements with AMGDI to offer such shares solely when acting as your agent. If you transact in Class I shares through such a Financial Intermediary, you may be required to pay a commission and/or other forms of compensation to the Financial Intermediary for effecting such transactions. Shares of the Acquiring Fund are available in other share classes that have different fees and expenses.

AMGF, GW&K and/or AMGDI may pay additional compensation (directly out of their own resources and not as an expense of the Acquiring Fund) to certain affiliated or unaffiliated Financial Intermediaries in connection with the sale, including distribution, marketing and promotional services, or retention of Fund shares and/or shareholder servicing. To the extent permitted by SEC and Financial Industry Regulatory Authority, Inc. (“FINRA”) rules and other applicable laws and regulations, AMGF, GW&K and AMGDI may make other payments or allow other promotional incentives to Financial Intermediaries. This compensation may provide such Financial Intermediaries with an incentive to favor sales of shares of the Acquiring Fund over other investment options. Any such payments may be substantial; however, they will be made by AMGF, GW&K and/or AMGDI, as applicable, not by the Acquiring Fund or its shareholders, and will not change the NAV or the price of the Acquiring Fund’s shares.

You can ask your Financial Intermediary for information about any payments it receives from AMGF, GW&K and/or AMGDI and any services it provides, as well as about fees and/or commissions it charges and which share class(es) you are eligible to purchase.

The Acquiring Fund has adopted a Plan of Distribution under Rule 12b-1 under the 1940 Act (such plan, the “**Acquiring Fund 12b-1 Plan**”) for Class N shares that allows the Acquiring Fund to pay AMGDI and financial intermediaries for selling and distributing Class N shares (for example, for sales, marketing, and promotional activities and to cover related expenses) and for providing service to shareholders of Class N shares. Because 12b-1 fees are deducted from the net assets of Class N shares on an ongoing basis, they increase the cost of your investment the longer you hold it and will result in lower total returns and may end up costing you more than other types of sales charges. The Acquiring Fund 12b-1 Plan authorizes payments of up to 0.25% annually of the Acquiring Fund’s average daily net assets attributable to Class N shares.

CERTAIN U.S. FEDERAL INCOME TAX INFORMATION

The following tax information is a general summary of certain U.S. federal income tax consequences applicable to an investment in the Acquiring Fund under the Internal Revenue Code of 1986 (the “**Code**”), as amended and as in effect as of the date of this Proxy Statement/Prospectus. A more detailed tax discussion is provided in the Acquiring Fund’s SAI. While this section describes tax information with respect to the Acquiring Fund, the information also substantially applies to the Target Fund. The Acquiring Fund does not intend for this information to address all aspects of taxation that may apply to individual shareholders or to specific types of shareholders such as insurance companies, financial institutions, tax-advantaged retirement plans, broker-dealers, and foreign persons, each of whom may qualify for special treatment under U.S. federal income tax laws. You should consult a tax adviser about the U.S. federal, state, local, and foreign tax consequences to you of your investment in the Acquiring Fund based on your particular circumstances.

The Acquiring Fund has elected and intends to qualify and be eligible to be treated each taxable year as a regulated investment company. A regulated investment company generally is not subject to tax at the corporate level on income and gains from investments that are distributed to shareholders. However, the Acquiring Fund’s failure to qualify and be eligible for treatment as a regulated investment company would result in corporate-level taxation, and consequently a reduction in income available for distribution to shareholders.

For U.S. federal income tax purposes, distributions of investment income (other than exempt-interest dividends, discussed below), whether reinvested or taken as cash, are generally taxable to you as ordinary income. Taxes on distributions of capital gains are determined by how long the Acquiring Fund owned or is considered to have owned the investments that generated them, rather than how long you have owned your shares.

- Distributions from the sale of investments that the Acquiring Fund owns or is considered to have owned for more than one year and that are properly reported by the Acquiring Fund as capital gain dividends are treated as long-term capital gains includible in your net capital gain and taxed to individuals at reduced rates.
- Distributions from the sale of investments that the Acquiring Fund owns or is considered to have owned for one year or less are taxable as ordinary income.
- Properly reported distributions of “qualified dividend income” are taxable to you at the rate that applies to net capital gains, provided that both you and the Acquiring Fund meet certain holding period and other requirements.
- Distributions that are properly reported as exempt-interest dividends are exempt from U.S. federal income tax, but may be subject to federal alternative minimum tax.
- A 3.8% Medicare contribution tax is imposed on the “net investment income” of certain individuals, estates and trusts to the extent their income exceeds certain threshold amounts. Net investment income generally includes for this purpose dividends paid by the Acquiring Fund, including any capital gain dividends but excluding any exempt-interest dividends, and net gains recognized on the sale, redemption or exchange of shares of the Acquiring Fund. Shareholders are advised to consult their tax advisers regarding the possible implications of this additional tax on their investment in the Acquiring Fund.
- Distributions are taxable to you in the same manner whether you receive them in cash or reinvest them in additional shares.

Distributions by the Acquiring Fund to retirement plans that qualify for tax-exempt treatment under U.S. federal income tax laws are not taxable. By investing in the Acquiring Fund through such a plan, you will not be subject to tax on distributions from the Acquiring Fund so long as the amounts distributed remain in the plan, but you will generally be taxed upon withdrawal of monies from the plan. You should consult your tax adviser to determine the suitability of the Acquiring Fund as an investment through your retirement plan and the tax treatment of distributions (including distributions of amounts attributable to an investment in the Acquiring Fund) from such a plan.

Any gain or loss that results from the sale, exchange (including an exchange of the Acquiring Fund's shares for shares of another fund) or redemption of your shares will be treated generally as capital gain or loss for U.S. federal income tax purposes, which will be long-term or short-term depending on how long you have held your shares.

Certain of the Acquiring Fund's investments, including certain debt instruments and derivatives, could affect the amount, timing and character of distributions you receive and could cause the Acquiring Fund to recognize taxable income in excess of the cash generated by such investments (which may require the Acquiring Fund to sell other investments in order to make required distributions). Please see the SAI relating to this Proxy Statement/Prospectus for more detailed tax information.

To avoid back-up withholding of U.S. federal income taxes on distributions or sale proceeds, federal law requires you to:

- Provide your Social Security Number (“SSN”) or other taxpayer identification number (“TIN”);
- Certify that your SSN or TIN is correct; and
- Certify that you are not subject to back-up withholding.

In addition, the Acquiring Fund must also withhold taxes on distributions and sale proceeds if the IRS notifies the Fund that the SSN or TIN you provided is incorrect, or the IRS notifies the Acquiring Fund that you have failed to properly report certain interest and dividend income.

ADDITIONAL INFORMATION APPLICABLE TO THE TARGET FUND

Additional information regarding shareholder policies and procedures for the Target Fund may be found in its [prospectus, dated October 1, 2020](#), as supplemented through the date of this Proxy Statement/Prospectus, which is on file with the SEC and is incorporated by reference into this Proxy Statement/Prospectus.

2. *PRINCIPAL RISK FACTORS*

The principal risks associated with investments in the Target Fund and the Acquiring Fund are the same because the Funds have substantively similar investment objectives and principal investment strategies and policies. An investment in the Acquiring Fund is subject to the principal risks described below. The Target Fund is also subject to the risks described below.

Market Risk—market prices of investments held by the Acquiring Fund may fall rapidly or unpredictably due to a variety of factors, including economic, political, or market conditions, or other factors including terrorism, war, natural disasters and the spread of infectious illness or other public health issues, including epidemics or pandemics such as the COVID-19 outbreak in 2020, or in response to events that affect particular industries or companies.

Small- and Mid-Capitalization Stock Risk—the stocks of small- and mid-capitalization companies often have greater price volatility, lower trading volume, and less liquidity than the stocks of larger, more established companies.

Growth Stock Risk—the prices of equity securities of companies that are expected to experience relatively rapid earnings growth, or “growth stocks,” may be more sensitive to market movements because the prices tend to reflect future investor expectations rather than just current profits.

Value Stock Risk—value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time.

Management Risk—because the Acquiring Fund is an actively-managed investment portfolio, security selection or focus on securities in a particular style, market sector or group of companies may cause the Acquiring Fund to incur losses or underperform relative to its benchmarks or other funds with a similar investment objective. There can be no guarantee that the subadviser’s investment techniques and risk analysis will produce the desired result.

Liquidity Risk—the Acquiring Fund may not be able to dispose of particular investments, such as illiquid securities, readily at favorable times or prices or the Acquiring Fund may have to sell them at a loss.

For additional information about the Acquiring Fund’s non-principal risks, please see the SAI relating to this Proxy Statement/Prospectus.

3. *THE REORGANIZATION*

DESCRIPTION OF THE REORGANIZATION

At a meeting held on October 8, 2020, the AMG Funds III Board of Trustees voted to approve the Reorganization with respect to the Target Fund, subject to approval by the shareholders of the Target Fund. In the Reorganization, the Target Fund will transfer all of its assets to the Acquiring Fund, which will assume all of the liabilities of the Target Fund. Upon this transfer of assets and assumption of liabilities, the Acquiring Fund will issue shares of beneficial interest to the Target Fund, which shares will be distributed to shareholders in liquidation of the Target Fund. Any Class N, Class I, or Class Z shares you own of the Target Fund at the time of the Reorganization will be cancelled and you will receive Class N, Class I, or Class Z shares, respectively, of the Acquiring Fund having an aggregate value equal to the aggregate value of your shares of the Target Fund, based upon the Acquiring Fund’s valuation procedures. The Reorganization is expected to be a transaction that is generally tax-free for U.S. federal income tax purposes. If approved by shareholders, the Reorganization is expected to occur on or about February 8, 2021, provided all of the other closing conditions have been satisfied or waived.

The accounting survivor of the Reorganization will be the Acquiring Fund. As a result, the Acquiring Fund will continue to use its performance history after the closing of the Reorganization.

Following the Reorganization, AMGF will continue to serve as the investment manager to the Acquiring Fund, and GW&K will continue to provide day-to-day portfolio management services as the subadviser to the Acquiring Fund. Oversight of the Acquiring Fund will be provided by the Board of Trustees of AMG Funds and, as the investment manager of the Acquiring Fund, AMGF will continue to provide investment oversight for the Acquiring Fund. AMGF will also continue to provide administration and shareholder services for the Acquiring Fund. The Board of Trustees of AMG Funds approved the Reorganization at a meeting held on October 8, 2020.

Headquartered in Greenwich, Connecticut, AMGF was founded in 1983 to provide individual investors and smaller institutions with access to the same expertise, resources and techniques employed by major institutions and wealthy families. AMGF serves as the investment manager to the funds in the AMG Funds Family of Funds and is a subsidiary of Affiliated Managers Group, Inc. (“**AMG**”). As of June 30, 2020, AMGF had approximately \$22 billion in mutual fund assets under management.

In approving the Reorganization of the Target Fund into the Acquiring Fund, the Board of Trustees of AMG Funds III considered a number of factors, which are discussed under “Board Consideration of the Reorganization” below.

TERMS OF THE REORGANIZATION

At the effective time of the Reorganization, the Acquiring Fund will acquire all of the assets of the Target Fund and, in exchange, will (i) issue shares of the Acquiring Fund to the Target Fund and (ii) assume the liabilities of the Target Fund.

The terms and conditions under which the Reorganization will be implemented are set forth in the Plan of Reorganization. The material provisions of the Plan of Reorganization are summarized below; however, this summary is qualified in its entirety by reference to the Plan of Reorganization, a form of which is attached as Appendix A to this Proxy Statement/Prospectus. The Plan of Reorganization contemplates (i) the Acquiring Fund’s acquisition of all of the assets of the Target Fund in exchange solely for shares of the Acquiring Fund (“**Acquiring Fund Shares**”) and the assumption by the Acquiring Fund of all of the liabilities of the Target Fund by the Closing Date (the “**Liabilities**”), and (ii) the distribution of the Acquiring Fund Shares to the shareholders of the Target Fund as soon as reasonably practicable after the Closing Date.

Each shareholder of the Target Fund will receive a number of full and fractional Acquiring Fund Shares of the designated class of shares equal in value to the full and fractional shares of the applicable class of shares of the Target Fund held by such shareholder as of the Closing Date, based upon the Acquiring Fund’s valuation procedures. The Target Fund will be liquidated and terminated soon thereafter.

Accordingly, immediately after the Reorganization, each former shareholder of the Target Fund will own Acquiring Fund Shares that will be equal in net asset value to the shares of the Target Fund held by that shareholder immediately prior to the Reorganization, based upon the Acquiring Fund’s valuation procedures. The Plan of Reorganization provides the time for and method of determining the net value of the Target Fund’s assets (and therefore shares) and the net asset value of a share of the Acquiring Fund. The Plan of Reorganization also provides that the investment restrictions of the Target Fund will be temporarily amended to the extent necessary to effect the Reorganization. The valuation will be done at 4:00 p.m. Eastern Time on February 5, 2021 or such earlier or later time and day as may be mutually agreed upon in writing by the parties to the Plan of Reorganization (“**Valuation Time**”). Delivery of the assets of the Target Fund to be transferred, assumption of the liabilities of the Target Fund to be assumed and the delivery of the Acquiring Fund Shares to be issued shall be made after the Valuation Time at a date and time agreed to by the Target Fund and the Acquiring Fund. Any special shareholder options (for example, automatic investment plans on current Target Fund shareholder accounts) will automatically transfer to shareholder accounts for the Acquiring Fund.

The Plan of Reorganization provides that shareholders of the Target Fund and shareholders of the Acquiring Fund will not bear any of the costs associated with the Reorganization except for any applicable registration fees, and brokerage or similar costs or transfer taxes in connection with the purchases or sales of portfolio securities or the management of such Fund’s investments related to the consummation of the Reorganization. AMGF and GW&K will bear all other costs of the Reorganization, such as proxy solicitation costs, accounting and legal expenses, the costs of printing and mailing this Proxy Statement/Prospectus or other similar expenses, which are estimated to be approximately \$104,000. The closing of the Reorganization is expected to occur on or about February 8, 2021 provided all of the other closing conditions have been satisfied or waived. The implementation of the Reorganization is subject to a number of conditions set forth in the Plan of Reorganization, including the approval of the Reorganization by shareholders of the Target Fund.

Another important condition to closing is that each of the Target Fund and Acquiring Fund receive a tax opinion to the effect that the Reorganization will qualify as a “tax-free reorganization” for U.S. federal income tax purposes. As such, the Reorganization is not expected to be taxable for such purposes to the Target Fund, the Acquiring Fund or the Target Fund’s shareholders. It should be noted that the Target Fund may make one or more distributions to shareholders prior to the closing of the Reorganization. Any such distribution generally will be taxable to shareholders that hold their shares in a taxable account as ordinary income or capital gains.

The Trusts, by mutual consent of their Trustees, may terminate the Plan of Reorganization at any time. The Plan of Reorganization also automatically terminates on October 8, 2022 if on that date the transaction contemplated by the Plan of Reorganization has not been substantially completed and the Trusts have not agreed to a later date to complete the transaction.

The closing of the Reorganization is subject to a number of conditions, including the condition that shareholders of the Target Fund approve the Reorganization. In the event that the Reorganization is not consummated prior to the termination of the Interim Subadvisory Agreement, the Board of Trustees of AMG Funds III has determined that the New Subadvisory Agreement with GW&K is in the best interests of the Target Fund in order to ensure a continuous investment management program for the Target Fund. If the shareholders of the Target Fund do not approve either of the Proposals, the Board of Trustees of AMG Funds III will determine what further action, if any, is appropriate for the Target Fund.

BOARD CONSIDERATION OF THE REORGANIZATION

The Board of Trustees (the “**Trustees**”) of AMG Funds III considered the proposed Reorganization at a meeting held on October 8, 2020. The Trustees considered the following matters, among others, in unanimously approving the proposal:

The Trustees reviewed the terms of the Plan of Reorganization, noting that the Reorganization would be submitted to the Target Fund’s shareholders for approval. The Trustees considered that, if the Reorganization is approved, the net expense ratios (as estimated by AMGF) of Class N and Class I shares of the Acquiring Fund are expected to be the same as the expense ratios currently incurred by Class N and Class I shares of the Target Fund, after giving effect to contractual expense waivers and reimbursements, and the net expense ratio (as estimated by AMGF) of Class Z shares of the Acquiring Fund are expected to be higher than the expense ratio currently incurred by Class Z shares of the Target Fund, after giving effect to contractual expense waivers and reimbursements. The Trustees considered that if the Reorganization is consummated, overall responsibility for investment management, administration and shareholder servicing, which is currently performed by AMGF for both the Target Fund and the Acquiring Fund, would continue to be the responsibility of AMGF for the Acquiring Fund, and GW&K, the interim subadviser to the Target Fund and subadviser to the Acquiring Fund, would continue to be the subadviser to the Acquiring Fund. The Trustees noted that, after the Reorganization, AMGF, as investment manager, and GW&K, as subadviser, to the Acquiring Fund would be providing a comparable level of portfolio management services to the Acquiring Fund and shareholders as are currently being provided to the Target Fund. They further noted that the Reorganization would allow shareholders to continue to invest in a mutual fund managed on a day-to-day basis by the same portfolio management personnel that currently manage the Target Fund on an interim basis.

The Trustees discussed the ability of AMGF and GW&K to provide quality services with increased opportunities for economies of scale due to the marketing, infrastructure and size of the AMG Funds Family of Funds. The Trustees considered the performance record of each Fund and GW&K and the similar portfolio characteristics of the Funds. Among other information relating to GW&K’s performance, the Trustees considered the performance of the Acquiring Fund and noted that, for the one-year, three-year and five-year periods ended June 30, 2020, the Acquiring Fund’s performance was above, above and below, respectively, the performance of the Acquiring Fund’s benchmark, the Russell 2500™ Index.

The Trustees also took into account AMGF’s belief that the Reorganization would be more beneficial to the Target Fund’s shareholders as compared to closing and liquidating the Target Fund.

The Trustees noted that shareholders of the Target Fund and shareholders of the Acquiring Fund will not bear any of the costs associated with the Reorganization except for any applicable registration fees, and brokerage or similar costs or transfer taxes in connection with the purchases or sales of portfolio securities or the management of such Fund’s investments related to the consummation of the Reorganization, and that AMGF and GW&K will bear all other costs of the Reorganization, such as proxy solicitation costs, accounting and legal expenses, the costs of printing and mailing this Proxy Statement/Prospectus or other similar expenses. The Trustees also considered the potential benefits of the Reorganization to AMGF. The Trustees further discussed the fact that, under the Plan of Reorganization, the Acquiring Fund would assume all of the liabilities of the Target Fund. The Trustees considered that the Reorganization is not expected to result in taxable income or gain or other adverse U.S. federal tax consequences to shareholders. The Trustees also considered the potential effect of the Reorganization on the Target Fund’s unrealized capital losses.

The Trustees reviewed information regarding comparative expense ratios. The Trustees noted that, effective October 8, 2020, AMGF has contractually agreed, to lower the Acquiring Fund’s contractual expense limitation from 0.85% to 0.82% of the Fund’s net annual operating expenses (exclusive of taxes, interest (including interest incurred in connection with bank and custody overdrafts and in connection with securities sold short), shareholder servicing fees, distribution and service (12b-1) fees, brokerage commissions and other transaction costs, dividends payable with respect to securities sold short, acquired fund fees and expenses, and extraordinary expenses). The Trustees also noted that, effective October 8, 2020, the Acquiring Fund’s management fee rate was reduced.

The Trustees reviewed the investment objectives, policies, and investment restrictions of both the Target Fund and the Acquiring Fund, discussed certain aspects of each, and concluded that the Acquiring Fund will have a substantively similar investment objective and substantively similar principal investment strategies as the Target Fund. The Trustees

further discussed that some differences exist between the fundamental investment restrictions of the Acquiring Fund and the fundamental investment restrictions of the Target Fund.

The Trustees, including the trustees who are not “interested persons” (as that term is defined by Section 2(a)(19) of the 1940 Act) of AMG Funds III (the “**AMG Funds III Independent Trustees**”) reviewed the proposed Reorganization in a private session with their independent legal counsel at which no representatives of AMGF or GW&K were present. The AMG Funds III Independent Trustees concluded that, pursuant to Rule 17a-8 under the 1940 Act, the Reorganization would be in the best interests of the Target Fund, and that the interests of existing shareholders in the Target Fund will not be diluted as a result of the transactions contemplated by the Reorganization.

At the October 8, 2020 meeting, the Trustees, including the AMG Funds III Independent Trustees voting separately, approved the proposed Reorganization.

The Board of Trustees of AMG Funds also considered the proposed Reorganization at a meeting held on October 8, 2020. The Trustees of AMG Funds, including the trustees who are not “interested persons” (as that term is defined by Section 2(a)(19) of the 1940 Act) of AMG Funds (the “**AMG Funds Independent Trustees**”) concluded that, pursuant to Rule 17a-8 under the 1940 Act, the Reorganization would be in the best interests of the Acquiring Fund, and that the interests of existing shareholders in the Acquiring Fund will not be diluted as a result of the transactions contemplated by the Reorganization. At the October 8, 2020 meeting, the Trustees of AMG Funds, including the AMG Funds Independent Trustees voting separately, approved the proposed Reorganization.

PAYMENTS TO BROKER-DEALERS AND OTHER FINANCIAL INTERMEDIARIES

If you purchase shares of the Target Fund or the Acquiring Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.

TAX STATUS OF THE REORGANIZATION

The Reorganization is intended to qualify for U.S. federal income tax purposes as a tax-free reorganization under Section 368(a) of the Code. As a condition to the closing of the Reorganization, the Target Fund and the Acquiring Fund will receive a legal opinion from Ropes & Gray LLP satisfactory to each of them (which opinion will be subject to certain qualifications), substantially to the effect that, on the basis of the existing provisions of the Code, U.S. Treasury regulations promulgated thereunder, current administrative rules, pronouncements, and court decisions, generally for U.S. federal income tax purposes:

- The acquisition by the Acquiring Fund of all of the assets of the Target Fund solely in exchange for the Acquiring Fund Shares and the assumption by the Acquiring Fund of all of the Liabilities of the Target Fund, followed by the distribution by the Target Fund to its shareholders of the Acquiring Fund Shares in complete liquidation of the Target Fund, will constitute a “reorganization” within the meaning of Section 368(a)(1) of the Code, and the Target Fund and the Acquiring Fund will each be “a party to a reorganization” within the meaning of Section 368(b) of the Code;
- Under Sections 361 and 357 of the Code, the Target Fund will not recognize gain or loss upon (i) the transfer of all its assets to the Acquiring Fund in exchange solely for Acquiring Fund Shares and the assumption by the Acquiring Fund of all the Liabilities of the Target Fund, or (ii) the distribution of Acquiring Fund Shares by the Target Fund to its shareholders in liquidation, except for (A) any gain or loss recognized on (1) “Section 1256 contracts” as defined in Section 1256(b) of the Code or (2) stock in a “passive foreign investment company” as defined in Section 1297(a) of the Code, and (B) any other gain or loss required to be recognized by reason of the Reorganization (1) as a result of the closing of the tax year of the Target Fund, (2) upon the termination of a position, or (3) upon the transfer of an asset regardless of whether such a transfer would otherwise be a nontaxable transaction under the Code;
- Under Section 1032 of the Code, the Acquiring Fund will not recognize gain or loss upon receipt of the assets of the Target Fund in exchange solely for Acquiring Fund Shares and the assumption by the Acquiring Fund of all Liabilities of the Target Fund;

- Under Section 362(b) of the Code, the Acquiring Fund's tax basis in the assets of the Target Fund transferred to the Acquiring Fund in the Reorganization will be the same as the Target Fund's tax basis in such assets immediately prior to the transfer, adjusted for any gain or loss required to be recognized as described in the second bullet above;
- Under Section 1223(2) of the Code, the Acquiring Fund's holding periods for the assets it receives from the Target Fund in the Reorganization, other than certain assets with respect to which gain or loss is required to be recognized as described in the second bullet above, will include the periods during which such assets were held or treated for U.S. federal income tax purposes as being held by the Target Fund;
- Under Section 354 of the Code, the Target Fund's shareholders will not recognize gain or loss upon the exchange of all of their shares of the Target Fund for Acquiring Fund Shares;
- Under Section 358 of the Code, the aggregate tax basis in the Acquiring Fund Shares received by a shareholder of the Target Fund will be the same as the aggregate tax basis in the Target Fund shares exchanged therefor;
- Under Section 1223(1) of the Code, a Target Fund shareholder's holding period for the Acquiring Fund Shares received will include the shareholder's holding period for the Target Fund shares exchanged therefor, provided the shareholder held such Target Fund shares as capital assets on the date of the exchange; and
- The Acquiring Fund will succeed to and take into account the items of the Target Fund described in Section 381(c) of the Code, subject to the conditions and limitations specified in Sections 381, 382, 383 and 384 of the Code and the Treasury regulations thereunder.

The opinion will be based on certain factual representations made by the officers of the Target Fund and the Acquiring Fund, and will also be based on customary assumptions. The opinion is not a guarantee that the tax consequences of the Reorganization will be as described above. There is no assurance that the Internal Revenue Service (the "IRS") or a court would agree with Ropes & Gray LLP's opinion, which therefore cannot be free from doubt.

Opinions of counsel are not binding upon the IRS or the courts. If the Reorganization were consummated but did not qualify as a tax-free reorganization under the Code, a shareholder of the Target Fund generally would recognize a taxable gain or loss for U.S. federal income tax purposes equal to the difference between the fair market value of the Acquiring Fund Shares the shareholder receives and the tax basis of the shareholder's shares in the Target Fund. Shareholders of the Target Fund should consult their tax advisers regarding the effect, if any, of the Reorganization in light of their individual circumstances.

A portion of the portfolio assets of the Acquiring Fund and Target Fund may be sold at any time before or after the Reorganization in connection with the Reorganization. A substantial portion of the Target Fund's portfolio will already be turned over at the time GW&K takes over management of the Target Fund. The Target Fund and the Acquiring Fund expect a minimal amount of portfolio turnover in connection with the Reorganization. In the event a Fund sells portfolio assets in connection with the Reorganization, the actual tax effect of any such sales depends on the difference between the price at which such portfolio assets are sold and the tax basis in such assets of the Fund making the sale. Any capital gains recognized in these sales on a net basis, after reduction by any available capital losses, will be distributed to shareholders as capital gain dividends (to the extent of net realized long-term capital gains over net realized short-term capital losses) and/or ordinary dividends (to the extent of net realized short-term capital gains over net realized long-term capital losses) during or with respect to the year of sale, and such distributions will be taxable to shareholders. The Reorganization will end the tax year of the Target Fund, and potentially will accelerate any distributions to shareholders from the Target Fund for its tax year ending on the date of the Reorganization. Those tax year-end distributions will be taxable and will include any undistributed capital gains resulting from portfolio turnover prior to the Reorganization.

More generally, prior to the closing of the Reorganization, the Target Fund will, and the Acquiring Fund may, declare a distribution to shareholders, which, together with all previous distributions, will have the effect of distributing to shareholders all of its investment company taxable income (computed without regard to the deduction for dividends paid), net tax-exempt income, if any, and net realized capital gains, if any, through the closing of the Reorganization, and may include undistributed income or gains from prior years. These distributions will be taxable to shareholders, and such distributions by the Target Fund will include any distributable, but not previously distributed, capital gains resulting from portfolio turnover prior to the Reorganization. A Fund's ability to carry forward capital losses (if any) and use such losses to offset future gains may be limited as a result of the Reorganization. First, a Fund's "pre-acquisition losses" (including capital loss carryforwards, net current-year capital losses, and unrealized losses that exceed certain thresholds) may become unavailable to offset gains of the combined Fund to the extent such pre-acquisition losses exceed an annual limitation amount. Second,

one Fund's pre-acquisition losses cannot be used to offset gains in another Fund that are unrealized ("built in") at the time of the Reorganization and that exceed certain thresholds ("non-de minimis built-in gains") for five tax years. Third, the Target Fund's loss carryforwards, as limited under the previous two rules, are permitted to offset only that portion of the gains of the Acquiring Fund for the taxable year of the Reorganization that is equal to the portion of the Acquiring Fund's taxable year that follows the date of the Reorganization (prorated according to number of days). Therefore, in certain circumstances, shareholders of a Fund may pay taxes sooner, or pay more taxes, than they would have had the Reorganization not occurred.

In addition, the combined Fund will have tax attributes that reflect a blending of the tax attributes of each Fund at the time of the Reorganization (including as affected by the rules described above). Therefore, the shareholders of the Target Fund will receive a proportionate share of any unrealized gains in the combined Fund's assets, as well as any taxable income or gains realized by the Acquiring Fund but not distributed to its shareholders prior to the Reorganization, when such income or gains are eventually distributed by the Acquiring Fund. As a result, shareholders of the Target Fund may receive a greater amount of taxable distributions than they would have had the Reorganization not occurred. In addition, any pre-acquisition losses of the Target Fund (whether realized or unrealized) remaining after the operation of the limitation rules described above will become available to offset capital gains realized by the combined Fund after the Reorganization and thus may reduce subsequent capital gain distributions to a broader group of shareholders than would have been the case absent such Reorganization, such that the benefit of those losses to Target Fund shareholders may be further reduced relative to what the benefit would have been had the Reorganization not occurred.

The realized and unrealized gains and losses of each Fund at the time of the Reorganization will determine the extent to which the Target Fund's or the Acquiring Fund's respective losses, both realized and unrealized, will be available to reduce gains realized by the combined Fund following the Reorganization, and consequently the extent to which the combined Fund may be required to distribute gains to its shareholders earlier or in greater amounts than would have been the case had the Reorganization not occurred. The effect of the rules described above will depend on the relative sizes of, and the losses and gains (both realized and unrealized) in, each Fund at the time of the Reorganization and thus cannot be calculated precisely prior to the Reorganization.

The above description of the U.S. federal income tax consequences of the Reorganization is made without regard to the particular facts and circumstances of any shareholder. Shareholders of the Target Fund should consult their tax advisers regarding the effect, if any, of the Reorganization with respect to the Target Fund in light of their individual circumstances. Since the foregoing discussion relates only to certain U.S. federal income tax consequences of the Reorganization, each shareholder of the Target Fund should also consult such shareholder's tax advisers as to the state, local and non-U.S. tax consequences, if any, of the Reorganization with respect to the Target Fund based upon the shareholder's particular circumstances.

FEES AND EXPENSES OF THE REORGANIZATION

Shareholders of the Target Fund and shareholders of the Acquiring Fund will not bear any of the costs associated with the Reorganization except for any applicable registration fees, and brokerage or similar costs or transfer taxes in connection with the purchases or sales of portfolio securities or the management of such Fund's investments related to the consummation of the Reorganization. AMGF and GW&K will bear all other costs of the Reorganization, such as proxy solicitation costs, accounting and legal expenses, the costs of printing and mailing this Proxy Statement/Prospectus or other similar expenses.

4. SUMMARY OF DIFFERENCES BETWEEN THE TARGET FUND AND THE ACQUIRING FUND

The following summary highlights certain differences between the Target Fund and the Acquiring Fund. This summary is not complete and does not contain all of the information that you should consider before voting on the Reorganization. For more complete information about the Reorganization, please read this entire Proxy Statement/Prospectus, including its appendices.

COMPARISON OF BUSINESS STRUCTURE

Form of Organization

The Target Fund is a series of AMG Funds III, a Massachusetts business trust organized under the laws of The Commonwealth of Massachusetts pursuant to a Declaration of Trust dated November 23, 1987, as amended (the "**AMG Funds III Trust Agreement**"). The Acquiring Fund is a series of AMG Funds, a Massachusetts business trust organized under the laws of The Commonwealth of Massachusetts pursuant to an Amended and Restated Agreement and Declaration of Trust dated December 13, 2013, as amended (the "**AMG Funds Trust Agreement**," and together with the AMG Funds III Trust Agreement, the "**Fund Charters**"). The AMG Funds III Trust Agreement and the By-laws of AMG Funds III (the

“**AMG Funds III Bylaws**”) are designed to make AMG Funds III similar in many respects to a Massachusetts business corporation, and the AMG Funds Trust Agreement and the By-laws of AMG Funds (the “**AMG Funds Bylaws**,” and together with the AMG Funds III Bylaws, the “**Fund Bylaws**”) are designed to do the same with regard to AMG Funds. The operations of the Target Fund are governed by the laws of The Commonwealth of Massachusetts and by the AMG Funds III Trust Agreement and the AMG Funds III Bylaws. The operations of the Acquiring Fund are governed by the laws of The Commonwealth of Massachusetts and by the AMG Funds Trust Agreement and the AMG Funds Bylaws. The Target Fund and Acquiring Fund are registered with the SEC as open-end management investment companies and subject to the provisions of the 1940 Act, and the rules and regulations thereunder.

Shares

Each of AMG Funds III and AMG Funds is authorized to issue shares of beneficial interest in separate series in addition to the Target Fund and the Acquiring Fund, respectively. Each Fund Charter permits the Trustees to issue an unlimited number of full and fractional shares, without par value, of one or more series, to divide or combine the shares of any series into one or more classes, and to establish and designate a class or classes of a series.

Each share of a Fund represents an equal proportionate interest in that Fund and has identical voting, dividend, redemption, liquidation, and other rights. Shares of the Funds have no preemptive or similar rights and may have conversion rights if the Trustees of each Trust establish conversion procedures for their respective Funds. Each Fund Charter provides that neither the Trust nor the Trustees, nor any officer, employee or agent of the Trust, have the power to bind personally any shareholder, nor except as specifically provided in the Fund Charter, to call upon any shareholder for the payment of any sum of money or assessment whatsoever other than such as the shareholder may at any time personally agree to pay.

All classes of the Target Fund and the Acquiring Fund shall represent the same interest in AMG Funds III and AMG Funds, respectively, and have identical voting, dividend, liquidation and other rights with any other shares of that Fund; provided, however, that any class of shares may be subject to sales loads, contingent deferred sales charges, Rule 12b-1 fees, administrative fees, service fees or other fees in such amounts as may be established by the Board of Trustees of AMG Funds III and the Board of Trustees of AMG Funds, as the case may be, from time to time in accordance with the 1940 Act, including Rule 18f-3 thereunder, and that any expenses related solely to a particular class of a Fund shall be borne solely by that class. In addition, in certain cases a class of a Fund may be entitled to vote separately as a class on certain matters affecting only that class.

Shareholder Liability

Under Massachusetts law, shareholders of a Massachusetts business trust such as AMG Funds III or AMG Funds may, under certain circumstances, be held personally liable as partners for the obligations of the trust. However, each Fund Charter provides that the shareholders shall not be subject to any personal liability for the acts or obligations of the Target Fund or the Acquiring Fund, as applicable, and that every note, bond, contract, instrument, certificate or undertaking made or issued on behalf of AMG Funds III or AMG Funds by its respective Trustees or by any officers or officer on behalf of their respective Fund shall give notice to the effect that the shareholders are not personally liable thereunder.

No personal liability will attach to the shareholders under any undertaking containing such provision when adequate notice of such provision is given, except possibly in a few jurisdictions. With respect to all types of claims in the latter jurisdictions, (i) tort claims, (ii) contract claims where the provision referred to is omitted from the undertaking, (iii) claims for taxes, and (iv) certain statutory liabilities in other jurisdictions, a shareholder may be held personally liable to the extent that claims are not satisfied by their respective Fund. Each Fund Charter provides that, to the extent any shareholder is held personally liable, solely by reason of being or having been a shareholder of a particular series or class of the applicable Trust, such shareholder is entitled to indemnification out of the assets of the series (or attributable to the class) of which he or she is a shareholder or former shareholder for all loss and expense arising from such liability.

Liability of Trustees

Each Fund Charter provides that no Trustee, officer, employee or agent of the Trust is liable to any third persons in connection with the affairs of the Trust or the respective Fund, except that neither Fund Charter protects a Trustee against any liability that arises from his or her own bad faith, willful misfeasance, gross negligence or reckless disregard of the duties involved in the conduct of the office of the Trustee. Each Fund Charter also provides that all third persons shall look solely to the property of the Trust (or particular series or class thereof) for any satisfaction of claims arising in connection with the affairs of the Trust (or particular series or class thereof, as applicable). Each Fund Charter provides that a Trustee or officer (including in the case of AMG Funds persons who serve at the request of the Trust as directors, officers or trustees of another organization in which the Trust has an interest) is entitled to be indemnified against all liability in connection with the affairs of the Trust, except where such person is finally adjudicated in a decision on the merits not to have acted in good faith in the

reasonable belief that his or her action was in the best interests of the Trust, or if the liability arises from his or her own bad faith, willful misfeasance, gross negligence or reckless disregard of his or her duties.

Meetings and Voting Requirements

Neither the Target Fund nor the Acquiring Fund is required by law or their governing documents to hold regular or annual shareholder meetings and normally will not. The Trustees of AMG Funds III and AMG Funds may call shareholder meetings of the Target Fund and the Acquiring Fund, respectively. Pursuant to the AMG Funds III Trust Agreement, special meetings of the shareholders of AMG Funds III or any of its series shall be called by the Board of Trustees upon the written request of shareholders owning at least one-tenth of the outstanding shares entitled to vote. Pursuant to the Fund Charters, at any meeting called for the purpose, shareholders of each Trust have the right, upon the vote of the holders of two-thirds of the Trust's outstanding shares, to remove a Trustee of the Trust from office.

Under the Fund Charters and Fund Bylaws, thirty percent of the shares entitled to vote constitutes a quorum at a shareholder meeting, except when a larger quorum is required by law, the Fund Charters or the respective Fund Bylaws, and a majority of the shares voted at a meeting of which a quorum is present shall decide any questions and a plurality shall elect a Trustee, except when a larger vote is required by any provision of law, the Fund Charters, or the Fund Bylaws.

The shareholders of the Target Fund and the Acquiring Fund are entitled to one vote per whole share as to any matter on which it is entitled to vote and each fractional share shall be entitled to a proportionate fractional vote. Subject to the 1940 Act, the Trustees of each Trust themselves have the power to alter the number and the terms of office of the Trustees, and to set the length of their own terms subject to certain removal procedures and to appoint their own successors; provided, however, that immediately after such appointment, the requisite majority of the Trustees have been elected by the shareholders of their respective Trust. The voting rights of shareholders are not cumulative in the election of Trustees.

Dissolution or Termination

The AMG Funds III Trust Agreement provides that, upon termination of AMG Funds III, after paying or adequately providing for the payment of all liabilities of AMG Funds III (including the liabilities of all series), and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Trustees of AMG Funds III may distribute the remaining property of AMG Funds III, in cash or in kind or partly each, ratably among the holders of the shares of AMG Funds III then outstanding. AMG Funds III may be terminated by the affirmative vote of the holders of not less than two-thirds of the shares of each series of AMG Funds III outstanding and entitled to vote at any meeting of shareholders, or by an instrument in writing, without a meeting, signed by a majority of the Trustees of AMG Funds III and consented to by the holders of not less than two-thirds of such shares.

The AMG Funds Trust Agreement provides that, upon termination of AMG Funds (or any series or class thereof, as the case may be), after paying or otherwise providing for all charges, taxes, expenses and liabilities belonging, allocated or attributable, severally, to each series (or the applicable series or belonging, allocated or attributable to the particular class, as the case may be), whether due or accrued or anticipated as may be determined by the Trustees, the Trust shall, in accordance with such procedures as the Trustees consider appropriate, reduce the remaining assets belonging, severally, to each series (or the applicable series or attributable to the particular class, as the case may be), to distributable form in cash or shares or other securities or property, or any combination thereof, and distribute the proceeds belonging to each series (or the applicable series or attributable to the particular class, as the case may be) to the shareholders of that series (or class, as the case may be), as a series (or class, as the case may be), ratably according to the number of shares of that series (or class, as the case may be) held by the several shareholders of such series (or class, as the case may be) on the date of termination, except to the extent otherwise required or permitted by the preferences and special or relative rights and privileges of any classes of shares of that series, provided that, with respect to any termination of a series with multiple classes, the proceeds attributable to each class shall be allocated to such class and then distributed to the shareholders of such class pro rata in proportion to the number of shares of such class held by each of them. AMG Funds may be terminated by a vote of its shareholders holding at least 66 2/3% of the shares of each series of the Trust entitled to vote and voting separately by series, or by the Trust's Trustees upon written notice to the shareholders, and any series or class of AMG Funds may be terminated at any time by a vote of shareholders holding at least 66 2/3% of the shares of that series or class entitled to vote, or by the Trust's Trustees by written notice to the shareholders of that series or class.

Derivative Actions

The AMG Funds III Bylaws and the AMG Funds Bylaws each provide that a shareholder may bring a derivative action on behalf of AMG Funds III and AMG Funds, respectively, only if the shareholder first makes a written demand upon the Trustees of AMG Funds III and AMG Funds, respectively. The demand will not be excused under any circumstances, including claims of alleged interest on the part of each Trust's Trustees, unless the shareholder makes a specific showing that

irreparable nonmonetary injury to AMG Funds III or AMG Funds, as applicable, would otherwise result. The Trustees of each of AMG Funds III and AMG Funds shall consider such demand within 90 days of its receipt by AMG Funds III or AMG Funds, as applicable. The Trustees of each of AMG Funds III and AMG Funds will decide in their sole discretion whether to bring, maintain or settle (or not to bring, maintain or settle) any court action, proceeding or claim, or to submit the matter to vote of shareholders, and such decision shall be binding upon the shareholders. No suit, proceeding or other action may be commenced or maintained after a decision to reject a demand. Any Trustee of AMG Funds III or AMG Funds acting in connection with any demand or any proceeding relating to a derivative claim who is not an interested person (as defined in the 1940 Act) shall be deemed to be independent and disinterested with respect to such demand, proceeding or claim.

The foregoing is only a summary of certain characteristics of the operations of the respective Fund Charters, the respective Fund Bylaws, and Massachusetts law, and is not a complete description of those documents or law. Shareholders should refer to the provisions of such Fund Charters and Fund Bylaws (which are filed as exhibits to the registration statements of AMG Funds III and AMG Funds, respectively, which may be found at the SEC's website at www.sec.gov) and Massachusetts law directly for more complete information.

COMPARATIVE INFORMATION ON FUNDAMENTAL INVESTMENT RESTRICTIONS

The Target Fund and the Acquiring Fund are each subject to certain fundamental investment restrictions regarding their investments. A fundamental investment restriction may not be changed without the affirmative vote of the holders of a majority of a Fund's outstanding securities (as defined in the 1940 Act).

There are differences in the fundamental investment restrictions of the Target Fund and the Acquiring Fund that could permit the Acquiring Fund to be managed differently from how the Target Fund is currently managed; however, the differences are not expected to materially impact the operations of the Funds. The following table compares the fundamental investment restrictions of the Target Fund and the Acquiring Fund.

Subject Matter of Restriction	Target Fund	Acquiring Fund	Impact of Differences
Senior Securities	May not issue senior securities.	May issue senior securities to the extent permitted by the Investment Company Act of 1940, or the rules or regulations thereunder, as such statute, rules or regulations may be amended from time to time, or by regulatory guidance or interpretations of, or any exemptive order or other relief issued by the SEC or any successor organization or their staff under, such Act, rules or regulations.	The Acquiring Fund's policy allows the Acquiring Fund to issue senior securities to a greater extent than the Target Fund.
Borrowing	May not borrow money, except (i) in amounts not to exceed 33 1/3% of the value of the Fund's total assets (including the amount borrowed) taken at market value from banks, through reverse repurchase agreements or forward or dollar roll transactions or through an interfund lending program with other series of trusts managed by AMGF, (ii) up to an additional 5% of its total assets for temporary purposes,	May borrow money to the extent permitted by the Investment Company Act of 1940, or the rules or regulations thereunder, as such statute, rules or regulations may be amended from time to time, or by regulatory guidance or interpretations of, or any exemptive order or other relief issued by the SEC or any successor organization or their staff under, such Act, rules or regulations.	The Acquiring Fund's policy allows the Acquiring Fund to borrow to a greater extent than the Target Fund.

Subject Matter of Restriction	Target Fund	Acquiring Fund	Impact of Differences
	(iii) in connection with short-term credits as may be necessary for the clearance of purchases and sales of portfolio securities and (iv) the Fund may purchase securities on margin to the extent permitted by applicable law.		
Lending	May not make loans, except that the Fund may (i) lend portfolio securities in accordance with the Fund's investment policies up to 33 1/3% of the Fund's total assets taken at market value, (ii) enter into repurchase agreements, (iii) purchase all or a portion of an issue of debt securities, bank loan participation interests, bank certificates of deposit, bankers' acceptances, debentures or other securities, whether or not the purchase is made upon the original issuance of the securities and (iv) lend portfolio securities and participate in an interfund lending program with other series of trusts managed by AMGF provided that no such loan may be made if, as a result, the aggregate of such loans would exceed 33 1/3% of the value of the Fund's total assets.	May lend money to the extent permitted by the Investment Company Act of 1940, or the rules or regulations thereunder, as such statute, rules or regulations may be amended from time to time, or by regulatory guidance or interpretations of, or any exemptive order or other relief issued by the SEC or any successor organization or their staff under, such Act, rules or regulations.	The Acquiring Fund's policy allows the Acquiring Fund to lend to a greater extent than the Target Fund.
Industry Concentration	May not invest more than 25% of its total assets in the securities of one or more issuers conducting their principal business activities in the same industry (excluding the U.S. Government or its agencies or instrumentalities).	May not concentrate investments in a particular industry or group of industries, as concentration is defined or interpreted under the Investment Company Act of 1940, and the rules and regulations thereunder, as such statute, rules or regulations may be amended from time to time, and under regulatory guidance or interpretations of such Act, rules or regulations.	No current material difference.
Commodities	May not purchase or sell commodities or commodity contracts, except the Fund may purchase and sell options on securities, securities indices and currency, futures contracts on securities, securities indices	May purchase and sell commodities to the extent permitted by the Investment Company Act of 1940, or the rules or regulations thereunder, as such statute, rules or regulations may be	The Acquiring Fund's policy allows the Acquiring Fund to purchase and sell commodities to a greater extent than the Target Fund.

Subject Matter of Restriction	Target Fund	Acquiring Fund	Impact of Differences
	and currency and options on such futures, forward foreign currency exchange contracts, forward commitments, securities index put or call warrants, repurchase agreements and other derivative instruments entered into in accordance with the Fund's investment policies.	amended from time to time, or by regulatory guidance or interpretations of, or any exemptive order or other relief issued by the SEC or any successor organization or their staff under, such Act, rules or regulations.	
Real Estate	May not purchase or sell real estate, except that the Fund may (i) acquire or lease office space for its own use, (ii) invest in securities of issuers that invest in real estate or interests therein, (iii) invest in securities that are secured by real estate or interests therein, (iv) purchase and sell mortgage-related securities and (v) hold and sell real estate acquired by the Fund as a result of the ownership of securities.	May purchase and sell real estate to the extent permitted by the Investment Company Act of 1940, or the rules or regulations thereunder, as such statute, rules or regulations may be amended from time to time, or by regulatory guidance or interpretations of, or any exemptive order or other relief issued by the SEC or any successor organization or their staff under, such Act, rules or regulations.	The Acquiring Fund's policy allows the Acquiring Fund to purchase and sell real estate to a greater extent than the Target Fund.
Underwriting	May not underwrite the securities of other issuers, except to the extent that, in connection with the disposition of portfolio securities, the Fund may be deemed to be an underwriter under the 1933 Act.	May underwrite securities to the extent permitted by the Investment Company Act of 1940, or the rules or regulations thereunder, as such statute, rules or regulations may be amended from time to time, or by regulatory guidance or interpretations of, or any exemptive order or other relief issued by the SEC or any successor organization or their staff under, such Act, rules or regulations.	The Acquiring Fund's policy allows the Acquiring Fund to underwrite securities to a greater extent than the Target Fund.
Diversification	May not, with respect to 75% of its total assets, purchase securities of an issuer (other than the U.S. Government, its agencies, instrumentalities or authorities or repurchase agreements collateralized by U.S. Government securities and other investment companies), if: (a) such purchase would cause more than 5% of the Fund's total assets taken at market value to be invested in the securities of such issuer; or (b) such purchase would at the time result in more than 10% of the	May purchase securities of any issuer only when consistent with the maintenance of its status as a diversified company under the Investment Company Act of 1940, or the rules or regulations thereunder, as such statute, rules or regulations may be amended from time to time, or under regulatory guidance or interpretations of such Act, rules or regulations.	No material difference.

Subject Matter of Restriction	Target Fund	Acquiring Fund	Impact of Differences
	outstanding voting securities of such issuer being held by the Fund.		

Other Information Regarding Investment Restrictions

Target Fund

With respect to the Target Fund, any restriction on investments or use of assets, including, but not limited to, market capitalization, geographic, rating and/or any other percentage restrictions, set forth above shall be measured only at the time of investment, and any subsequent change, whether in the value, market capitalization, rating, percentage held or otherwise, will not constitute a violation of the restriction, other than with respect to investment restrictions related to borrowings by the Target Fund.

For purposes of the Target Fund's senior securities restriction, issuing senior securities shall not be considered to include (without limitation): borrowing money, making loans, the issuance of shares of beneficial interest in multiple classes or series, the deferral of Trustees' fees, the purchase or sale of derivative instruments, such as options, futures contracts, options on futures contracts, forward commitments and swaps, and entering into repurchase agreements, reverse repurchase agreements, roll transactions and short sales, in accordance with the Target Fund's investment policies and applicable law.

For purposes of the Target Fund's borrowing restriction, borrowing shall not be considered to include (without limitation): investments in derivative instruments, such as options, futures contracts, options on futures contracts, forward commitments and swaps, short sales and roll transactions made in accordance with the Target Fund's investment policies.

For purposes of the Target Fund's commodities restriction, at the time of the establishment of the restriction, swap contracts on financial instruments or rates were not within the understanding of the terms "commodities" or "commodity contracts," and notwithstanding any federal legislation or regulatory action by the U.S. Commodity Futures Trading Commission (the "CFTC") that subject such swaps to regulation by the CFTC, the Target Fund will not consider such instruments to be commodities or commodity contracts for purposes of this restriction.

For purposes of the Target Fund's industry concentration restriction, unless otherwise provided, the term "industry" shall be defined by reference to the Global Industry Classification Standard put forth by Standard & Poor's ("S&P") and Morgan Stanley Capital International.

Acquiring Fund

With respect to the Acquiring Fund, any restriction on investments or use of assets, including, but not limited to, market capitalization, geographic, rating and/or any other percentage restrictions, set forth above shall be measured only at the time of investment, and any subsequent change, whether in the value, market capitalization, rating, percentage held or otherwise, will not constitute a violation of the restriction, other than with respect to investment restrictions related to borrowings by the Acquiring Fund.

EXISTING AND PRO FORMA CAPITALIZATIONS

The following table sets forth the capitalization of each Fund as of September 30, 2020 and of the pro forma Acquiring Fund as of that date, all based upon the Acquiring Fund's valuation procedures. The pro forma capitalization information is for informational purposes only. No assurance can be given as to how many shares of the Acquiring Fund shareholders of the Target Fund will receive on the Closing Date.

	Acquiring Fund	Target Fund	Pro Forma Adjustments	Pro Forma Acquiring Fund
Net Assets: Class N (Target Fund)/Class N (Acquiring Fund)	\$173,938.53	\$56,579,619.85	--	\$56,753,558.38

	Acquiring Fund	Target Fund	Pro Forma Adjustments	Pro Forma Acquiring Fund
Net Assets: Class I (Target Fund)/Class I (Acquiring Fund)	\$129,847,932.88	\$11,502,792.65	--	\$141,350,725.53
Net Assets: Class Z (Target Fund)/Class Z (Acquiring Fund)	\$89,365,153.83	\$15,655,089.01	--	\$105,020,242.84
Net Asset Value Per Share: Class N (Target Fund)/Class N (Acquiring Fund)	\$13.15	\$26.43	--	\$13.15
Net Asset Value Per Share: Class I (Target Fund)/Class I (Acquiring Fund)	\$13.17	\$27.58	--	\$13.17
Net Asset Value Per Share: Class Z (Target Fund)/Class Z (Acquiring Fund)	\$13.19	\$29.25	--	\$13.19
Number of Shares Outstanding: Class N (Target Fund)/Class N (Acquiring Fund)	13,230.665	2,140,775.392	2,162,963.43526611	4,316,969.49226611
Number of Shares Outstanding: Class I (Target Fund)/Class I (Acquiring Fund)	9,856,945.551	417,046.877	456,146.875727637	10,730,139.3037276
Number of Shares Outstanding: Class Z (Target Fund)/Class Z (Acquiring Fund)	6,773,930.737	535,263.664	651,401.196139351	7,960,595.59713935

COMPARISON OF INVESTMENT MANAGERS AND INVESTMENT MANAGEMENT FEES

Investment Managers and Subadvisers

AMGF, a subsidiary of AMG, is currently the investment manager to both the Target Fund and the Acquiring Fund and will continue to serve as investment manager of the Acquiring Fund after the Reorganization. The AMG Funds Family of Funds is a mutual fund complex comprised of 49 different funds, each having distinct investment management objectives, strategies, risks, and policies. GW&K currently serves as the investment subadviser of the Target Fund and the Acquiring Fund and will continue to serve as investment subadviser of the Acquiring Fund after the Reorganization. Because GW&K is an affiliate of AMGF, AMGF indirectly benefits from the compensation received by GW&K.

AMGF serves as the investment manager and administrator of both the Target Fund and the Acquiring Fund. AMGF has overall supervisory responsibility for the investment program of the Target Fund and the Acquiring Fund. AMGF selects and recommends, subject to the approval of the Board of Trustees of AMG Funds III or AMG Funds, as applicable, the subadvisers to manage the Target Fund's and the Acquiring Fund's respective investment portfolios. It also monitors the performance, security holdings and investment strategies of the subadvisers and is responsible for reporting to AMG Funds III's and AMG Funds' respective Board of Trustees on, as applicable, the Target Fund's and the Acquiring Fund's investment characteristics and performance. AMGF also furnishes certain administrative, compliance and accounting services for AMG Funds III, including the Target Fund, and AMG Funds, including the Acquiring Fund. AMGF's principal address is 600 Steamboat Road, Suite 300, Greenwich, Connecticut 06830. AMGF and its corporate predecessors have over 20 years of experience in evaluating subadvisers for individuals and institutional investors. AMG Funds III has obtained, and AMG

Funds may rely upon, an exemptive order from the SEC that permits AMGF, subject to certain conditions and oversight by AMG Funds III's or AMG Funds' Board of Trustees, as applicable, to terminate a subadviser to the Target Fund or Acquiring Fund, as applicable, and hire new unaffiliated subadvisers for the Target Fund or Acquiring Fund, as applicable, without prior shareholder approval. Affiliated subadvisers selected by AMGF are, however, subject to shareholder approval.

GW&K serves as the subadviser to both the Target Fund and the Acquiring Fund and has day-to-day responsibility for managing each Fund's portfolio. GW&K, located at 222 Berkeley Street, Boston, Massachusetts 02116, has advised individual and institutional clients since 1974. AMG indirectly owns a majority interest in GW&K.

Portfolio Managers

Daniel L. Miller, CFA and Jeffrey W. Thibault, CFA are the portfolio managers jointly and primarily responsible for the day-to-day management of the Target Fund's and the Acquiring Fund's portfolios. They have managed the Acquiring Fund since its inception in 2015 and the Target Fund since 2020. Mr. Miller joined GW&K in December 2008 as Partner and Director of Equities, responsible for overseeing all aspects of GW&K's equity group, including portfolio management, research and trading. Mr. Miller spent 21 years at Putnam Investments, where he was Chief Investment Officer for the Specialty Growth Group from 1996 to 2004. After retiring from Putnam Investments in 2004, Mr. Miller worked as an investment consultant and financial consultant for various companies from 2004 to 2008, until he joined GW&K. Mr. Thibault has been a Partner since September 2011 and was previously a Vice President for more than five years and portfolio manager for GW&K's Small Cap Equity and Small/Mid Cap Equity Strategies since November 2004.

The SAI relating to this Proxy Statement/Prospectus, which is incorporated herein by reference and on file with the SEC, provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Acquiring Fund. The [SAI of the Target Fund, dated as of October 1, 2020](#), as supplemented through the date of this Proxy Statement/Prospectus, which is incorporated herein by reference and on file with the SEC, provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Target Fund.

Investment Management Agreement, Subadvisory Agreement and Administration Agreement – Target Fund

AMGF serves as investment manager to the Target Fund pursuant to an investment management agreement with AMG Funds III, dated April 1, 1999, as amended (the “**Target Fund Management Agreement**”), and also serves as administrator to the Target Fund pursuant to an administration agreement with AMG Funds III, dated October 1, 2016, as amended (the “**Target Fund Administration Agreement**”). The Target Fund Management Agreement permits AMGF to engage, from time to time, one or more subadvisers to assist in the performance of its services. AMGF has entered into the Interim Subadvisory Agreement with GW&K with respect to the Target Fund.

Under the Interim Subadvisory Agreement, GW&K manages all of the Target Fund's portfolio, including the determination of the purchase, retention, or sale of securities, cash, and other investments for the Target Fund in accordance with the Target Fund's investment objective, policies and investment restrictions. GW&K provides these services subject to the general supervision of AMGF and the Board of Trustees of AMG Funds III.

Under the Target Fund Administration Agreement, AMGF also serves as administrator of the Target Fund and is responsible for certain aspects of managing the Target Fund's operations, including administration and shareholder servicing. The administrative and shareholder services to be provided include, but are not limited to, processing and/or coordinating Target Fund share purchases and redemptions, responding to inquiries from shareholders, providing omnibus level support for financial intermediaries who perform sub-accounting for shares held of record by financial intermediaries for the benefit of other beneficial owners and other general and administrative responsibilities for the Target Fund.

The Target Fund Management Agreement continues in effect from year to year so long as such continuation is specifically approved at least annually (i) by either the Board of Trustees of AMG Funds III or by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Target Fund, and (ii) in either event by the vote of a majority of the Board of Trustees of AMG Funds III who are not parties to the agreement or “interested persons” (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such continuance. The Target Fund Management Agreement may be terminated, without penalty, by the Board of Trustees of AMG Funds III, by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Target Fund, or by AMGF, in each case on 60 days' written notice to the other party. The Target Fund Management Agreement terminates automatically in the event of assignment, as defined in the 1940 Act and the regulations thereunder.

The Interim Subadvisory Agreement shall continue in effect until the earlier of (i) 150 days from its effective date or (ii) the date upon which a majority of the outstanding voting securities (as defined in the 1940 Act) of the Target Fund

approve the New Subadvisory Agreement between AMGF and GW&K with respect to the Target Fund. In addition, the Interim Subadvisory Agreement may be terminated at any time, without penalty, (i) by vote of the Trustees of AMG Funds III or by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Target Fund, (ii) by AMGF, or (iii) by GW&K, in each case on sixty (60) days' prior written notice to the other party. The Interim Subadvisory Agreement terminates automatically in the event of its assignment, as defined in the 1940 Act and the regulations thereunder.

As compensation for the investment management services rendered and related expenses under the Target Fund Management Agreement, the Target Fund has agreed to pay AMGF an investment management fee, at an annual rate of 0.45%, which is computed daily as a percentage of the value of the average daily net assets of the Target Fund and may be paid monthly.

AMGF has contractually agreed, through at least October 1, 2021, to waive management fees and/or pay or reimburse the Target Fund's expenses in order to limit Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements (exclusive of taxes, interest (including interest incurred in connection with bank and custody overdrafts and in connection with securities sold short), shareholder servicing fees, distribution and service (12b-1) fees, brokerage commissions and other transaction costs, dividends payable with respect to securities sold short, acquired fund fees and expenses, and extraordinary expenses) of the Target Fund to the annual rate of 0.72% of the Target Fund's average daily net assets (for purposes of this paragraph, this annual rate or such other annual rate that may be in effect from time to time, the "Expense Cap"), subject to later reimbursement by the Target Fund in certain circumstances. In general, for a period of up to 36 months after the date any amounts are paid, waived or reimbursed by AMGF, AMGF may recover such amounts from the Target Fund, provided that such repayment would not cause the Target Fund's Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements (exclusive of the items noted in the parenthetical above) to exceed either (i) the Expense Cap in effect at the time such amounts were paid, waived or reimbursed, or (ii) the Expense Cap in effect at the time of such repayment by the Target Fund. The contractual expense limitation may only be terminated in the event AMGF or a successor ceases to be the investment manager of the Target Fund or a successor fund, by mutual agreement between AMGF and the AMG Funds III Board of Trustees or in the event of the Target Fund's liquidation unless the Target Fund is reorganized or is a party to a merger in which the surviving entity is successor to the accounting and performance information of the Target Fund.

As compensation for the investment management services rendered and related expenses under the Interim Subadvisory Agreement, AMGF has agreed to pay GW&K a portion of the investment management fee (net of all mutually agreed upon fee waivers and reimbursements) for managing the portfolio, which is computed daily and paid monthly based upon the average daily net assets that GW&K manages. The fee paid to GW&K is paid out of the fee AMGF receives from the Target Fund and does not increase the Target Fund's expenses.

Additionally, under the Target Fund Administration Agreement, the Target Fund pays AMGF an administration fee at an annual rate of 0.15% of the Target Fund's average daily net assets per annum. The Target Fund Administration Agreement generally may be terminated by vote of the Trustees of AMG Funds III or by vote of a majority of the outstanding voting securities of the Target Fund, or by AMGF, in each case on at least 60 days' prior written notice to the other party.

A discussion regarding the basis for AMG Funds III's Board of Trustees approving the Target Fund Management Agreement between AMG Funds III and AMGF with respect to the Target Fund is available in the Target Fund's semi-annual report to shareholders for the period ended November 30, 2019. A discussion regarding the basis for AMG Funds III's Board of Trustees approving the Interim Subadvisory Agreement between AMGF and GW&K with respect to the Target Fund will be available in the Target Fund's semi-annual report to shareholders for the period ending November 30, 2020.

Investment Management Agreement, Subadvisory Agreement and Administration Agreement – Acquiring Fund

AMGF serves as investment manager to the Acquiring Fund pursuant to an investment management agreement with AMG Funds, dated October 19, 1999, as amended (the "**Acquiring Fund Management Agreement**"), and also serves as administrator to the Acquiring Fund pursuant to an administration agreement with AMG Funds, dated October 1, 2016, as amended (the "**Acquiring Fund Administration Agreement**"). The Acquiring Fund Management Agreement permits AMGF to engage, from time to time, one or more subadvisers to assist in the performance of its services. AMGF has entered into a subadvisory agreement with GW&K with respect to the Acquiring Fund (the "**Acquiring Fund Subadvisory Agreement**").

Under the Acquiring Fund Subadvisory Agreement, GW&K manages all of the Acquiring Fund's portfolio, including the determination of the purchase, retention, or sale of securities, cash, and other investments for the Acquiring Fund in accordance with the Acquiring Fund's investment objective, policies, and investment restrictions. GW&K provides these services subject to the general supervision of AMGF and the Board of Trustees of AMG Funds.

Under the Acquiring Fund Administration Agreement, AMGF also serves as administrator of the Acquiring Fund and is responsible for certain aspects of managing the Acquiring Fund's operations, including administration and shareholder servicing. The administrative and shareholder services to be provided include, but are not limited to, processing and/or coordinating Acquiring Fund share purchases and redemptions, responding to inquiries from shareholders, providing omnibus level support for financial intermediaries who perform sub-accounting for shares held of record by financial intermediaries for the benefit of other beneficial owners and other general and administrative responsibilities for the Acquiring Fund.

The Acquiring Fund Management Agreement and the Acquiring Fund Subadvisory Agreement provide for an initial term of two years and thereafter shall continue in effect from year to year so long as such continuation is specifically approved at least annually (i) by either the Board of Trustees of AMG Funds or by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Acquiring Fund, and (ii) in either event by the vote of a majority of the Board of Trustees of AMG Funds who are not parties to the agreements or "interested persons" (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such continuance.

The Acquiring Fund Management Agreement and the Acquiring Fund Subadvisory Agreement may be terminated, without penalty, by the Board of Trustees of AMG Funds, by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Acquiring Fund, by AMGF or (in the case of the Acquiring Fund Subadvisory Agreement) by GW&K on 60 days' written notice to the other party. The Acquiring Fund Management Agreement and the Acquiring Fund Subadvisory Agreement terminate automatically in the event of assignment, as defined in the 1940 Act and the regulations thereunder.

For additional information regarding the Acquiring Fund Management Agreement and the Acquiring Fund Subadvisory Agreement, and the services that AMGF and GW&K provide to the Acquiring Fund, please see the SAI relating to this Proxy Statement/Prospectus, which is incorporated herein by reference and on file with the SEC.

As compensation for the investment management services rendered and related expenses under the Acquiring Fund Management Agreement, the Acquiring Fund has agreed to pay AMGF an investment management fee, at an annual rate of 0.62%, which is computed daily as a percentage of the value of the average daily net assets of the Acquiring Fund and may be paid monthly.

AMGF has contractually agreed, through at least May 1, 2022, to waive management fees and/or pay or reimburse the Acquiring Fund's expenses in order to limit Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements (exclusive of taxes, interest (including interest incurred in connection with bank and custody overdrafts and in connection with securities sold short), shareholder servicing fees, distribution and service (12b-1) fees, brokerage commissions and other transaction costs, dividends payable with respect to securities sold short, acquired fund fees and expenses, and extraordinary expenses) of the Acquiring Fund to the annual rate of 0.82% of the Acquiring Fund's average daily net assets (for purposes of this paragraph, this annual rate or such other annual rate that may be in effect from time to time, the "Expense Cap"), subject to later reimbursement by the Acquiring Fund in certain circumstances. In general, for a period of up to 36 months after the date any amounts are paid, waived or reimbursed by AMGF, AMGF may recover such amounts from the Acquiring Fund, provided that such repayment would not cause the Acquiring Fund's Total Annual Fund Operating Expenses After Fee Waiver and Expense Reimbursements (exclusive of the items noted in the parenthetical above) to exceed either (i) the Expense Cap in effect at the time such amounts were paid, waived or reimbursed, or (ii) the Expense Cap in effect at the time of such repayment by the Acquiring Fund. The contractual expense limitation may only be terminated in the event AMGF or a successor ceases to be the investment manager of the Acquiring Fund or a successor fund, by mutual agreement between AMGF and the AMG Funds Board of Trustees or in the event of the Acquiring Fund's liquidation unless the Acquiring Fund is reorganized or is a party to a merger in which the surviving entity is successor to the accounting and performance information of the Acquiring Fund.

As compensation for the investment management services rendered and related expenses under the Acquiring Fund Subadvisory Agreement, AMGF has agreed to pay GW&K a portion of the investment management fee (net of all mutually agreed upon fee waivers and reimbursements) for managing the portfolio, which is computed daily and paid monthly based on the average daily net assets of the Acquiring Fund. The fee paid to GW&K is paid out of the fee AMGF receives from the Acquiring Fund and does not increase the Acquiring Fund's expenses.

Additionally, under the Acquiring Fund Administration Agreement, the Acquiring Fund pays AMGF an administration fee at an annual rate of 0.15% of the Acquiring Fund's average daily net assets per annum. The Acquiring Fund Administration Agreement generally may be terminated by vote of the Trustees of AMG Funds or by vote of a majority of the outstanding voting securities of the Acquiring Fund, or by AMGF, in each case on at least 60 days' prior written notice to the other party.

A discussion regarding the basis for AMG Funds' Board of Trustees approving the Acquiring Fund Management Agreement between AMG Funds and AMGF with respect to the Acquiring Fund and the Acquiring Fund Subadvisory Agreement between AMGF and GW&K is available in the Acquiring Fund's semi-annual report for the period ended June 30, 2020.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

AMG Funds has selected PricewaterhouseCoopers LLP, 101 Seaport Boulevard, Suite 500, Boston, Massachusetts 02210, as the independent registered public accounting firm for the Acquiring Fund for the fiscal year ending December 31, 2020.

OTHER PRINCIPAL SERVICE PROVIDERS

The following table lists the principal service providers for the Target Fund and the Acquiring Fund. The Acquiring Fund's service providers will remain the same following the closing of the Reorganization.

SERVICE PROVIDERS		
SERVICE	TARGET FUND	ACQUIRING FUND
Investment Manager	AMG Funds LLC 600 Steamboat Road, Suite 300 Greenwich, Connecticut 06830	AMG Funds LLC 600 Steamboat Road, Suite 300 Greenwich, Connecticut 06830
Investment Subadviser	GW&K Investment Management, LLC 222 Berkeley Street Boston, Massachusetts 02116	GW&K Investment Management, LLC 222 Berkeley Street Boston, Massachusetts 02116
Distributor	AMG Distributors, Inc. 600 Steamboat Road, Suite 300 Greenwich, Connecticut 06830	AMG Distributors, Inc. 600 Steamboat Road, Suite 300 Greenwich, Connecticut 06830
Administrator	AMG Funds LLC 600 Steamboat Road, Suite 300 Greenwich, Connecticut 06830	AMG Funds LLC 600 Steamboat Road, Suite 300 Greenwich, Connecticut 06830
Custodian	The Bank of New York Mellon Mutual Funds Custody 111 Sander Creek Parkway 2nd Floor East Syracuse, New York 13057	The Bank of New York Mellon Mutual Funds Custody 111 Sander Creek Parkway 2nd Floor East Syracuse, New York 13057
Fund Accountant	The Bank of New York Mellon Mutual Funds Accountant 4400 Computer Drive Westborough, Massachusetts 01581	The Bank of New York Mellon Mutual Funds Accountant 4400 Computer Drive Westborough, Massachusetts 01581
Transfer Agent	BNY Mellon Investment Servicing (US) Inc. 4400 Computer Drive Westborough, Massachusetts 01581	BNY Mellon Investment Servicing (US) Inc. 4400 Computer Drive Westborough, Massachusetts 01581
Independent Registered Public Accounting Firm	PricewaterhouseCoopers LLP 101 Seaport Boulevard, Suite 500 Boston, Massachusetts 02210	PricewaterhouseCoopers LLP 101 Seaport Boulevard, Suite 500 Boston, Massachusetts 02210

REQUIRED VOTE

Proposal 1 must be approved by a "vote of a majority of the outstanding voting securities" of the Target Fund. The "vote of a majority of the outstanding voting securities" is defined in the 1940 Act as the lesser of the vote of (i) 67% or more of the voting securities of the Target Fund entitled to vote on Proposal 1 present at the Meeting or represented by proxy, if

more than 50% of the Target Fund's outstanding voting securities are present or represented by proxy; or (ii) more than 50% of the outstanding voting securities of the Target Fund entitled to vote on Proposal 1. If the vote required to approve Proposal 1 is not obtained from the Target Fund, the Reorganization will not be consummated, and the Trustees will consider what other actions to take in the best interests of the Target Fund.

**THE TRUSTEES UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS OF THE TARGET FUND VOTE
“FOR” PROPOSAL 1.**

* * *

**II. PROPOSAL 2: APPROVAL OF THE NEW SUBADVISORY AGREEMENT BETWEEN AMG FUNDS LLC
AND GW&K INVESTMENT MANAGEMENT, LLC WITH RESPECT TO AMG GW&K MID CAP FUND**

1. INTRODUCTION

At a meeting held on October 8, 2020, and based upon the recommendation of AMGF and other factors, including that Pacific Global Asset Management, the parent company of Cadence, the then-current subadviser of the Target Fund, had announced its intent to close Cadence before December 31, 2020, the Board of Trustees of AMG Funds III, including a majority of the AMG Funds III Independent Trustees, terminated the subadvisory agreement (the “**Former Subadvisory Agreement**”) with Cadence and approved the appointment of GW&K as the subadviser to the Target Fund on an interim basis to replace Cadence, with GW&K's services beginning on October 8, 2020 (the “**Implementation Date**”). AMGF and the Board of Trustees of AMG Funds III believed that termination of the Former Subadvisory Agreement and the proposed new arrangements with GW&K were in the best interests of the Target Fund and its shareholders. GW&K was appointed interim subadviser pursuant to the Interim Subadvisory Agreement, to be effective until the earlier of 150 days after the termination of the Former Subadvisory Agreement or the approval of the New Subadvisory Agreement by shareholders of the Target Fund. At the meeting held on October 8, 2020, the Board of Trustees of AMG Funds III, including a majority of the AMG Funds III Independent Trustees, also approved, in the event the Reorganization is not consummated prior to the termination of the Interim Subadvisory Agreement, (i) the longer-term appointment of GW&K as the subadviser to the Target Fund, (ii) the New Subadvisory Agreement and (iii) the submission of the New Subadvisory Agreement to shareholders of the Target Fund for approval. In accordance with Rule 15a-4 under the 1940 Act, shareholders of the Target Fund must approve the New Subadvisory Agreement on or before March 7, 2021 in order for GW&K to serve as subadviser to the Target Fund on an uninterrupted basis following that date if the Reorganization is not consummated. As discussed in greater detail below, the Board of Trustees of AMG Funds III has unanimously determined to recommend a vote “FOR” the proposal.

The material differences between the Interim Subadvisory Agreement and the Former Subadvisory Agreement with respect to the Target Fund, as well as the material differences between the New Subadvisory Agreement approved by the Board of Trustees of AMG Funds III and the Former Subadvisory Agreement, are described below under “Description of the Interim Subadvisory Agreement” and “Description of the New Subadvisory Agreement”.

If the shareholders of the Target Fund approve the New Subadvisory Agreement between AMGF and GW&K (“**Proposal 2**”), and the Reorganization is not consummated, GW&K will continue to serve as subadviser to the Target Fund under the terms of the New Subadvisory Agreement. If shareholders of the Target Fund do not approve the New Subadvisory Agreement, and the Reorganization is not consummated, the New Subadvisory Agreement will not take effect, and the Board of Trustees of AMG Funds III will determine what further action is appropriate for the Target Fund.

In connection with the hiring of GW&K, effective as of the Implementation Date, the Target Fund (i) changed its name from AMG Managers Cadence Mid Cap Fund to AMG GW&K Mid Cap Fund, and (ii) made changes to its principal investment strategies and principal risks. For more information regarding the principal investment strategies and principal risks of the Target Fund, please see the sections titled “I. Proposal 1: The Reorganization – 1. Synopsis – Investment Objective and Strategies” and “I. Proposal 1: The Reorganization – 2. Principal Risk Factors” above.

2. INFORMATION ABOUT GW&K

The following is a description of GW&K, based solely on information provided to AMGF by GW&K.

GW&K, located at 222 Berkeley Street, Boston, Massachusetts 02116, is an investment management firm that has advised individual and institutional clients since 1974. As of June 30, 2020, the firm had approximately \$44 billion in assets

under management. In 2008, GW&K became an affiliate of AMG. Under this partnership, AMG, through its wholly-owned subsidiary, AMG Boston Holdings, LLC, indirectly owns a majority interest in GW&K, with the remaining ownership interest held among members of GW&K's management team. GW&K's management team is responsible for the day-to-day management of the firm and maintains full autonomy over the investment process. AMG is a publicly traded, global asset management company (NYSE:AMG) with investments in a diverse group of boutique investment management firms. As of June 30, 2020, AMG had approximately \$638 billion in assets under management by its affiliated investment management firms.

Information about the directors and principal executive officers of GW&K is set forth below. The address of each of them is c/o GW&K Investment Management, LLC, 222 Berkeley Street, Boston, Massachusetts 02116.

Name of Directors and Principal Executive Officers

Harold G. Kotler, CFA
Thomas Williams Roberts, III
Thomas F.X. Powers

Principal Occupation(s)

Chief Executive Officer; Chief Investment Officer
Co-President; Chief Compliance Officer
Co-President

3. BOARD OF TRUSTEES APPROVALS

At a telephonic meeting held on October 8, 2020, and based upon the recommendation of AMGF and other factors, the Board of Trustees of AMG Funds III, including a majority of the AMG Funds III Independent Trustees, approved the appointment of GW&K as the subadviser to the Target Fund on an interim basis to replace Cadence, with GW&K's services beginning on the Implementation Date, and approved the Interim Subadvisory Agreement. As a consequence, on October 8, 2020, Cadence ceased serving as subadviser to the Target Fund, and GW&K began serving as the subadviser to the Target Fund on an interim basis as permitted by Rule 15a-4 under the 1940 Act. At the meeting held on October 8, 2020, the Board of Trustees of AMG Funds III, including a majority of the AMG Funds III Independent Trustees, also approved the longer-term appointment of GW&K as the subadviser to the Target Fund and approved the New Subadvisory Agreement, subject to shareholder approval, in the event the Reorganization is not consummated prior to the automatic termination of the Interim Subadvisory Agreement. The AMG Funds III Independent Trustees were separately represented by independent legal counsel in their consideration of the Interim Subadvisory Agreement and the New Subadvisory Agreement, and discussed each Agreement with their independent legal counsel in a private session at which no representatives of AMGF or GW&K were present. In approving the Interim Subadvisory Agreement and the New Subadvisory Agreement, the Board of Trustees of AMG Funds III, including a majority of the AMG Funds III Independent Trustees, determined that the hiring of GW&K is in the best interests of the Target Fund and its shareholders and does not involve a conflict of interest from which AMGF or an affiliated subadviser derives an inappropriate advantage. The Board of Trustees of AMG Funds III's determination to approve the appointment of GW&K as subadviser of the Target Fund and to approve the Interim Subadvisory Agreement and the New Subadvisory Agreement was based on a variety of factors and considerations, including (i) recommendation by AMGF, which was based on its ongoing evaluation of Target Fund characteristics and exposures and subadviser performance and investment strategy, (ii) qualitative and quantitative analysis of GW&K's organizational structure, investment process, style and long-term performance record, (iii) that the management fee paid by the Target Fund would not change as a result of the appointment of GW&K as subadviser and that GW&K would receive the same rate of compensation under the Interim Subadvisory Agreement and New Subadvisory Agreement as Cadence received under the Former Subadvisory Agreement, and (iv) the knowledge of the Board of Trustees of AMG Funds III of GW&K as subadviser to other funds in the AMG Funds Family of Funds. The recommendation to hire GW&K was based on AMGF's belief that GW&K is a high quality investment adviser with a demonstrated ability to manage small and medium market capitalization portfolios and to manage the overall risk of the Target Fund's portfolio and would be appropriately suited to manage assets for the Target Fund. Accordingly, the Board of Trustees of AMG Funds III, including a majority of the AMG Funds III Independent Trustees, unanimously approved (i) the hiring of GW&K, (ii) the adoption of the Interim Subadvisory Agreement, effective on the Implementation Date, until the earlier of 150 days after the termination of the Former Subadvisory Agreement or the approval of the New Subadvisory Agreement by shareholders of the Target Fund (as provided by Rule 15a-4), and (iii) subject to shareholder approval, the adoption of the New Subadvisory Agreement. A form of the proposed New Subadvisory Agreement is attached as Appendix B and all references to the New Subadvisory Agreement herein are qualified in their entirety by reference to such appendix.

4. DESCRIPTION OF THE NEW SUBADVISORY AGREEMENT

The terms of the New Subadvisory Agreement are not materially different from the terms of the Former Subadvisory Agreement (including with respect to subadvisory fees), with certain exceptions described below under "Comparison with Terms of the Former Subadvisory Agreement."

Services

Under the New Subadvisory Agreement, if Proposal 2 is approved by Target Fund shareholders and the Reorganization is not consummated prior to the termination of the Interim Subadvisory Agreement, GW&K agrees, subject to the stated investment objective and policies of the Target Fund as set forth in AMG Funds III's current registration statement and subject to the supervision of AMGF and the Board of Trustees of AMG Funds III, to (i) develop and furnish continuously an investment program and strategy for the Target Fund in compliance with the Target Fund's investment objective and policies as set forth in AMG Funds III's current registration statement, (ii) provide research and analysis relative to the investment program and investments of the Target Fund, (iii) determine (subject to the overall supervision of the Board of Trustees of AMG Funds III) what investments shall be purchased, held, sold or exchanged by the Target Fund and what portion, if any, of the assets of the Target Fund shall be held in cash or cash equivalents, and (iv) make changes on behalf of AMG Funds III in the investments of the Target Fund. GW&K will also arrange for the placing of all orders for the purchase and sale of securities and other investments for the Target Fund's account and will exercise full discretion and act for AMG Funds III in the same manner and with the same force and effect as AMG Funds III might or could do with respect to such purchases, sales or other transactions, as well as with respect to all other things necessary or incidental to the furtherance or conduct of such purchases, sales or transactions. GW&K will also make its officers and employees available to meet with AMGF's officers and directors on due notice at reasonable times to review the investments and investment program of the Target Fund in light of current and prospective economic and market conditions.

Under the New Subadvisory Agreement, GW&K will exercise voting authority with respect to proxies that the Target Fund is entitled to vote by virtue of the ownership of assets attributable to that portion of the Target Fund for which GW&K has investment management responsibility; provided that the exercise of such authority will be subject to periodic review by AMGF and the Board of Trustees of AMG Funds III; provided, further, that such authority may be revoked in whole or in part by AMGF if required by applicable law. GW&K will exercise its proxy voting authority in accordance with such proxy voting policies and procedures as AMG Funds III may designate from time to time. GW&K will provide such information relating to its exercise of proxy voting authority (including the manner in which it has voted proxies and its resolution of conflicts of interest) as reasonably requested by AMGF from time to time. GW&K will also have authority to select brokers or dealers to execute purchase and sale transactions for AMG Funds III. As subadviser to the Target Fund, GW&K will be required to provide periodic and special reports as the Board of Trustees of AMG Funds III may request with respect to matters relating to the duties of GW&K under the New Subadvisory Agreement.

Compensation

The compensation terms under the New Subadvisory Agreement are the same as the compensation terms of the Former Subadvisory Agreement. Under the Former Subadvisory Agreement and the New Subadvisory Agreement, Cadence received and GW&K is proposed to receive a subadvisory fee at an annual rate of 0.275%. The fee was reduced under the Former Subadvisory Agreement and will be reduced under the New Subadvisory Agreement by an amount equal to 50% of the sum of: (i) any investment management fees waived by AMGF pursuant to an expense limitation or reimbursement agreement with the Target Fund, (ii) any reimbursement of Target Fund expenses by AMGF pursuant to an expense limitation or reimbursement agreement with the Target Fund, and (iii) any payments made by AMGF to third parties that provided distribution, shareholder services or similar services on behalf of the Target Fund. If the foregoing calculation resulted (or results) in a negative amount, such amount was (or is) payable by the subadviser to AMGF within 30 days of receipt of notice from AMGF, which notice was (or is) to include the basis for the calculation. For the fiscal year ended May 31, 2020, AMGF paid Cadence \$252,708 for subadvisory services provided to the Target Fund.

The fees paid to GW&K under the New Subadvisory Agreement are not paid by the Target Fund but are paid by AMGF out of the management fees AMGF receives from the Target Fund. The hiring of GW&K and the approval of the New Subadvisory Agreement will not increase the management fee paid by Target Fund shareholders. Under the Target Fund Management Agreement, the Target Fund pays AMGF a fee at the annual rate of 0.45% of the Target Fund's average daily net assets. For the fiscal year ended May 31, 2020, the Target Fund paid AMGF \$413,523 for advisory services provided to the Target Fund.

Comparison with terms of the Former Subadvisory Agreement

Among the differences between the Former Subadvisory Agreement and the New Subadvisory Agreement are the following:

Subject Matter	Former Subadvisory Agreement	New Subadvisory Agreement
Duration	The Former Subadvisory Agreement continued in effect only so long as its	The New Subadvisory Agreement, after its initial two-year term, will continue in full

Subject Matter	Former Subadvisory Agreement	New Subadvisory Agreement
	continuance was specifically approved at least annually by the Trustees or the shareholders of the Target Fund in the manner required by the 1940 Act.	force and effect for periods of one year thereafter so long as such continuance is approved at least annually (a) by either the Trustees of the Trust or by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Target Fund, and (b) in either event, by the vote of a majority of the Trustees of the Trust who are not parties to the New Subadvisory Agreement or “interested persons” (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such approval to the extent required by applicable law.
Termination	The Former Subadvisory Agreement could be terminated by (i) AMGF at any time without penalty, upon reasonable written notice to Cadence and AMG Funds III, (ii) at any time without penalty by the Trustees of AMG Funds III or by vote of a majority of the outstanding voting securities of the Target Fund (as defined in the 1940 Act) on not more than 60 days’ written notice to Cadence or (iii) by Cadence at any time without penalty, upon thirty (30) days’ written notice to AMGF and AMG Funds III.	The New Subadvisory Agreement may be terminated at any time, without payment of any penalty, (i) by vote of the Trustees of AMG Funds III or by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Target Fund, (ii) by AMGF, or (iii) by GW&K, in each case on sixty (60) days’ prior written notice to the other party.
Subadviser Authority to Enter into Agreements on Behalf of the Target Fund	None.	Under the New Subadvisory Agreement, GW&K is authorized on behalf of the Target Fund to enter into agreements and execute any documents required to make investments pursuant to the Target Fund’s prospectus.
AMGF’s Authority to Revoke Subadviser Proxy Voting Authority	The Former Subadvisory Agreement provided that AMGF had the authority to revoke, in whole or in part, Cadence’s proxy voting authority at any time upon notice to Cadence.	The New Subadvisory Agreement provides that AMGF may revoke, in whole or in part, GW&K’s proxy voting authority if required by applicable law.
Portfolio Transactions/Brokerage Allocation Practices	The Former Subadvisory Agreement set forth terms under which AMGF could direct Cadence to execute portfolio transactions on behalf of the Target Fund with brokers and dealers providing brokerage or research services to the Target Fund or AMGF, subject to such broker or dealer being able to obtain the best net price and execution on any such transaction. Under the Former Subadvisory Agreement, Cadence agreed that it would not execute any portfolio transactions with a broker, dealer or futures commission merchant which is an “affiliated person” (as defined in the 1940 Act) of AMG	The New Subadvisory Agreement does not include terms under which AMGF can direct GW&K to execute portfolio transactions. Under the New Subadvisory Agreement, GW&K agrees that (i) AMGF shall have the right by written notice to identify securities that may not be purchased on behalf of the Target Fund and/or brokers and dealers through which portfolio transaction on behalf of the Target Fund may not be effected, including, without limitation, brokers or dealers affiliated with AMGF, and (ii) GW&K shall refrain from purchasing such securities for the Target Fund or directing any portfolio transaction

Subject Matter	Former Subadvisory Agreement	New Subadvisory Agreement
	Funds III, AMGF or any subadviser, including Cadence, for AMG Funds III except in accordance with procedures adopted by the Board of Trustees of AMG Funds III. The Former Subadvisory Agreement did not include terms addressing Cadence’s authority to buy and sell securities for multiple clients at the same time, to effectuate cross transactions or to aggregate securities to be sold or purchased, nor did it specifically address the subadviser’s responsibility for the custody of the Target Fund’s assets or acts of the Target Fund’s custodian.	to any such broker or dealer on behalf of the Target Fund, unless and until the written approval of AMGF to do so is obtained, but GW&K shall not be liable to the Target Fund for so acting. Also under the New Subadvisory Agreement, GW&K agrees that it shall not direct portfolio transactions for the Target Fund through any broker or dealer that is an “affiliated person” of GW&K (as that term is defined in the 1940 Act or interpreted under applicable rules and regulations of the SEC) without the prior written approval of AMGF, which shall not be unreasonably withheld. The New Subadvisory Agreement also clarifies that: (i) GW&K may buy securities for the Target Fund at the same time it is selling such securities for another client account and to sell securities for the Target Fund at the time it is buying such securities for another client account; (ii) GW&K may, subject to applicable legal and regulatory requirements, and in compliance with such procedures of AMG Funds III as may be in effect from time to time, effectuate cross transactions between the Target Fund and such other account if it deems this to be advantageous; (iii) to the extent permitted by applicable laws and regulations, and in compliance with such procedures of AMG Funds III as may be in effect from time to time, GW&K may aggregate the securities to be sold or purchased in order to obtain the best execution and lower brokerage commissions, if any, and will allocate such aggregated securities and expenses incurred in such transactions in a manner GW&K considers to be most equitable and consistent with its fiduciary obligations; and (iv) GW&K will not have possession or custody of any Target Fund investments and, upon giving proper instructions to the custodian, will not be responsible or liable for the acts, omissions or other conduct of the custodian.
Assignment of Expenses	None.	The New Subadvisory Agreement provides that (a) GW&K will bear all expenses incurred by it in the performance of its duties under the New Subadvisory Agreement, other than those expenses specifically assumed by AMG Funds III under the New Subadvisory Agreement; (b) subject to any expense limitation agreement as in effect from time to time

Subject Matter	Former Subadvisory Agreement	New Subadvisory Agreement
		with respect to the Target Fund, AMG Funds III shall assume and shall pay (i) issue and transfer taxes chargeable to AMG Funds III in connection with securities transactions to which the Target Fund is a party, and (ii) interest on borrowed money, if any; and (c) in addition to these expenses, AMG Funds III shall pay all brokers' and underwriting commissions chargeable to AMG Funds III in connection with the securities transactions to which the Target Fund is a party.
Indemnification	None.	The New Subadvisory Agreement provides that AMGF and GW&K will indemnify each other from and against certain damages related to the performance of services by the other party under the New Subadvisory Agreement.
Standard of Care	The Former Subadvisory Agreement provided that the subadviser was not subject to any liability for any act or omission, error of judgment, or mistake of law or for any loss suffered by AMGF or AMG Funds III in connection with the matters to which the Former Subadvisory Agreement related, except, among other things, by reason of the subadviser's gross negligence in the performance of its duties.	The New Subadvisory Agreement provides that GW&K is not subject to any liability for any error of judgment or mistake of law or for any loss suffered by AMGF or the Target Fund in connection with the matters to which the New Subadvisory Agreement relates, except, among other things, by reason of GW&K's negligence in the performance of its duties.
Applicable Law	The Former Subadvisory Agreement was governed by Connecticut law.	The New Subadvisory Agreement is governed by Massachusetts law.

The Board of Trustees of AMG Funds III, including a majority of the AMG Funds III Independent Trustees, last approved the continuation of the Former Subadvisory Agreement at a meeting held on June 25, 2020. Pursuant to an exemptive order from the SEC obtained by AMG Funds III and AMGF, the Former Subadvisory Agreement was not required to be, and was not, submitted to the Target Fund's shareholders for approval. Target Fund shareholders approved the initial subadvisory agreement between AMGF and Cadence with respect to the Target Fund and the Target Fund's operation under the exemptive order on September 21, 2010 in connection with the Target Fund's organization. The Target Fund is not permitted to rely on the exemptive order for the New Subadvisory Agreement because GW&K is an affiliate of AMGF.

In accordance with Rule 15a-4 under the 1940 Act, Target Fund shareholders must approve the New Subadvisory Agreement before March 7, 2021 in order for GW&K to continue serving as subadviser to the Target Fund on an uninterrupted basis following that date.

Portfolio Managers

If shareholders of the Target Fund approve the New Subadvisory Agreement, it is expected that GW&K's current portfolio management team that has managed the Target Fund under the Interim Subadvisory Agreement since October 8, 2020 will continue to manage the Target Fund's assets.

GW&K manages the Target Fund using a strategy that primarily invests in equity securities of U.S. companies and pursues quality companies with either growth- or value-oriented characteristics. Daniel L. Miller, CFA and Jeffrey W. Thibault, CFA are the portfolio managers jointly and primarily responsible for the day-to-day management of the Target Fund's portfolio under the Interim Subadvisory Agreement. Mr. Miller joined GW&K in December 2008 as Partner and Director of Equities, responsible for overseeing all aspects of GW&K's equity group, including portfolio management, research and trading. Mr. Miller spent 21 years at Putnam Investments, where he was Chief Investment Officer for the

Specialty Growth Group from 1996 to 2004. After retiring from Putnam Investments in 2004, Mr. Miller worked as an investment consultant and financial consultant for various companies from 2004 to 2008, until he joined GW&K. Mr. Thibault has been a Partner since September 2011 and was previously a Vice President for more than five years and portfolio manager for GW&K's Small Cap Equity and Small/Mid Cap Equity Strategies since November 2004.

5. DESCRIPTION OF THE INTERIM SUBADVISORY AGREEMENT

The terms of the Interim Subadvisory Agreement are not materially different from the terms of the Former Subadvisory Agreement (including with respect to subadvisory fees), with certain exceptions. The differences between the terms of the Interim Subadvisory Agreement and those of the Former Subadvisory Agreement are identical to the differences between the New Subadvisory Agreement and the Former Subadvisory Agreement, as described in "Description of the New Subadvisory Agreement" above, except that, unlike the New Subadvisory Agreement, the Interim Subadvisory Agreement will continue in effect until the earlier of 150 days from the Implementation Date or the date upon which the New Subadvisory Agreement is approved by a majority of the outstanding voting securities of the Target Fund (as defined in the 1940 Act).

6. BOARD OF TRUSTEES RECOMMENDATION

At a telephonic meeting held on October 8, 2020,¹ the Board of Trustees of AMG Funds III, and separately a majority of the AMG Funds III Independent Trustees, unanimously voted to approve the Interim Subadvisory Agreement between AMGF and GW&K with respect to the Target Fund, the New Subadvisory Agreement between AMGF and GW&K with respect to the Target Fund (together with the Interim Subadvisory Agreement, the "Agreements"), and the presentation of the New Subadvisory Agreement for shareholder approval at a special meeting to be held for such purpose. The AMG Funds III Independent Trustees were separately represented by independent legal counsel in their consideration of the Agreements.

In considering the Agreements, the Trustees considered the information relating to the Target Fund and GW&K provided to them in connection with the meeting on October 8, 2020 and other meetings of the Board throughout the last twelve months and in prior years. In considering the Agreements, the Trustees also considered information relating to the nine other funds that GW&K sub-advises in the AMG Funds Family of Funds, which, as of October 8, 2020, consisted of 49 funds (the "AMG Funds Complex"). Prior to voting, the AMG Funds III Independent Trustees: (a) reviewed the foregoing information; (b) received materials from their independent legal counsel discussing the legal standards applicable to their consideration of the Agreements; and (c) met with their independent legal counsel in a private session at which no representatives of management were present.

Nature, extent and quality of services. In considering the nature, extent and quality of the services to be provided by GW&K, the Trustees reviewed information relating to GW&K's financial condition, operations and personnel and the investment philosophy, strategies and techniques (the "Investment Strategy") that are intended to be used by GW&K in managing the Target Fund. Among other things, at this meeting and/or prior meetings, the Trustees reviewed information on portfolio management and other professional staff, information regarding GW&K's organizational and management structure, GW&K's compliance policies and procedures, and GW&K's brokerage policies and practices. The Trustees considered specific information provided regarding the experience of the individuals at GW&K that are expected to have portfolio management responsibility for the Target Fund. The Trustees noted that one proposed portfolio manager joined GW&K in 2004 and the other proposed portfolio manager joined GW&K in 2008. The Trustees further noted that each portfolio manager serves as a portfolio manager on two other funds subadvised by GW&K in the AMG Funds Complex. In the course of their deliberations, the Trustees evaluated, among other things: (a) the expected services to be rendered by GW&K to the Target Fund; (b) the qualifications and experience of GW&K's personnel; and (c) GW&K's compliance program. The Trustees also considered GW&K's risk management processes. The Trustees also took into account the financial condition of GW&K with respect to its ability to provide the services required under the Agreements and noted that, as of June 30, 2020, GW&K managed approximately \$44 billion in assets.

¹ The Trustees determined that the conditions surrounding the COVID-19 virus constituted unforeseen or emergency circumstances and that reliance on the SEC's exemptive order, which provides relief from the in-person voting requirements of the 1940 Act in certain circumstances (the "In-Person Relief"), was necessary or appropriate due to the circumstances related to current or potential effects of COVID-19. The Trustees unanimously wished to rely on the In-Person Relief with respect to the approval of those matters on the agenda for the October 8, 2020 meeting that would otherwise require in-person votes under the 1940 Act. See Investment Company Release No. 33897 (June 19, 2020). This exemptive order supersedes, in part, a similar, earlier exemptive order issued by the SEC (Investment Company Release No. 33897 (March 25, 2020)).

Performance. The Trustees considered information relating to the Target Fund's and GW&K's performance. Among other information relating to GW&K's performance, the Trustees considered the performance of the Acquiring Fund, which GW&K is currently managing in a manner that is substantively similar to the manner in which GW&K proposed to manage the Target Fund. The Trustees noted that, for the one-year, three-year and five-year periods ended June 30, 2020, the Acquiring Fund's performance was above, above and below, respectively, the performance of the Acquiring Fund's benchmark, the Russell 2500™ Index. The Trustees concluded that this performance record supported the approval of the Agreements.

Subadvisory Fees, Profitability and Economies of Scale. The Trustees noted that AMGF, and not the Target Fund, is responsible for paying the fees charged by GW&K. In considering the anticipated profitability of GW&K with respect to the provision of subadvisory services to the Target Fund, the Trustees considered information regarding GW&K's organization, management and financial stability. The Trustees noted that, because GW&K is an affiliate of AMGF, a portion of GW&K's revenues or anticipated profits might be shared directly or indirectly with AMGF. The Trustees also noted that the subadvisory fee rate to be paid to GW&K under each Agreement was the same as the rate paid to Cadence under the Former Subadvisory Agreement.

The Board took into account management's discussion of the proposed subadvisory fee structure, and the services GW&K is expected to provide in performing its functions under the Agreements. The Trustees also were provided, in advance of their June 25, 2020 meeting, with the profitability of GW&K with respect to the other funds it sub-advises in the AMG Funds Complex. Based on the foregoing, the Trustees concluded that the profitability to GW&K is expected to be reasonable and that GW&K is not expected to realize material benefits from economies of scale that would warrant adjustments to the subadvisory fees at this time. Also with respect to economies of scale, the Trustees noted that as the Target Fund's assets increase over time, the Target Fund may realize other economies of scale to the extent the increase in assets is proportionally greater than the increase in certain other expenses.

In addition, the Trustees considered other potential benefits of the subadvisory relationship to GW&K, including, among others, the indirect benefits that GW&K may receive from GW&K's relationship with the Target Fund, including any so-called "fallout benefits" to GW&K, such as reputational value derived from GW&K serving as subadviser to the Target Fund, which bears GW&K's name. Taking into account all of the foregoing, the Trustees concluded that, in light of the nature, extent and quality of the services to be provided by GW&K, and the other considerations noted above with respect to GW&K, the Target Fund's subadvisory fees are reasonable.

* * * *

After consideration of the foregoing, the Trustees reached the following conclusions (in addition to the conclusions discussed above) regarding each Agreement: (a) GW&K has demonstrated that it possesses the capability and resources to perform the duties required of it under each Agreement; (b) GW&K's Investment Strategy is appropriate for pursuing the Target Fund's investment objectives; (c) GW&K is reasonably likely to execute its investment strategy consistently over time; and (d) GW&K maintains appropriate compliance programs.

Based on all of the above-mentioned factors and their related conclusions, with no single factor or conclusion being determinative and with each Trustee not necessarily attributing the same weight to each factor, the Trustees concluded that approval of each Agreement would be in the best interests of the Target Fund and its shareholders. Accordingly, on October 8, 2020, the Trustees, and separately a majority of the AMG Funds III Independent Trustees, unanimously voted to approve each Agreement.

7. REQUIRED VOTE

Proposal 2 must be approved by a "vote of a majority of the outstanding voting securities" of the Target Fund. The "vote of a majority of the outstanding voting securities" is defined in the 1940 Act as the lesser of the vote of (i) 67% or more of the voting securities of the Target Fund entitled to vote on Proposal 2 present at the Meeting or represented by proxy, if more than 50% of the Target Fund's outstanding voting securities are present or represented by proxy; or (ii) more than 50% of the outstanding voting securities of the Target Fund entitled to vote on Proposal 2. If the vote required to approve Proposal 2 is not obtained from the Target Fund, the New Subadvisory Agreement between AMGF and GW&K will not be approved, and the Trustees will consider what other actions to take in the best interests of the Target Fund.

**THE TRUSTEES UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS OF THE TARGET FUND VOTE
"FOR" PROPOSAL 2.**

III. OTHER BUSINESS

1. INFORMATION REGARDING SIMILAR FUNDS

The following table contains certain information about other investment companies registered under the 1940 Act for which GW&K provides investment advisory services that may have similar investment objectives and strategies as the Target Fund.

<u>Fund</u>	<u>Net Assets as of September 30, 2020</u>	<u>Subadvisory Fee</u>	<u>Has Compensation been Waived, Reduced or Otherwise Agreed to be Reduced Under any Applicable Contract?</u>
AMG GW&K Small/Mid Cap Fund	\$219,387,025	0.52%	Yes

IV. INFORMATION ON VOTING

This Proxy Statement/Prospectus is being provided in connection with the solicitation of proxies by the Board of Trustees of AMG Funds III to solicit the vote of shareholders of the Target Fund for the Reorganization and the New Subadvisory Agreement at a meeting of shareholders of the Target Fund, which we refer to as the “**Meeting**.” The Meeting is scheduled to begin on January 13, 2021 at 3:00 p.m. (Eastern Time).

1. VOTING INFORMATION

Only shareholders of record on November 4, 2020 are entitled to receive notice of and to vote at the Meeting or any adjournments or postponements thereof. Under the AMG Funds III Bylaws, thirty percent of the shares entitled to vote constitutes a quorum for the transaction of business at a shareholder meeting, except when a larger quorum is required by law, the AMG Funds III Trust Agreement or the AMG Funds III Bylaws (the “**Quorum**”). Any lesser number is sufficient for adjournment. When the Quorum is present with respect to the Target Fund, approval of each of Proposal 1 and Proposal 2 will require the favorable vote of a “majority of the outstanding voting securities” of the Target Fund. A majority of the outstanding voting securities is defined in the 1940 Act as the lesser of (a) 67% or more of the voting securities present at a meeting if the holders of more than 50% of the outstanding voting securities are present or represented by proxy, or (b) more than 50% of the outstanding voting securities. Business may be conducted with respect to the Target Fund once a quorum is present and may continue until adjournment of the Meeting.

Shares may be voted in person or by proxy. Where shareholders may pursuant to the terms of a notice of a meeting of shareholders (which may be amended from time to time) participate in and vote at such meeting by means of remote communication, shares voted by means of such remote communication shall constitute shares voted in person. Votes cast by proxy or in person at the Meeting will be counted by persons appointed by AMG Funds III as inspectors of election for the Meeting. The inspectors of election will count the total number of votes cast “for” approval of each proposal for purposes of determining whether sufficient affirmative votes have been cast. The inspectors of election will count all shares represented by proxies that reflect abstentions and “broker non-votes” (i.e., proxies representing shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or the persons entitled to vote, and as to which the broker or nominee does not have the discretionary voting power on a particular matter, but for which the broker or nominee returns the proxy card or otherwise votes without actually voting on such matter) as shares that are present and entitled to vote on the matter for purposes of determining the presence of a quorum. Since these shares will be counted as present, but not as voting in favor of the Reorganization, these shares will have the same effect as if they cast votes against the Reorganization. Approval of the Reorganization will occur only if a sufficient number of votes entitled to be voted at the Meeting are cast “for” that proposal.

2. REVOCABILITY OF PROXIES

A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it before the vote of shareholders occurs by a writing delivered to AMG Funds III stating that the proxy is revoked by submitting a subsequent, revised proxy, or by attendance at the Meeting and voting in person by the person executing that proxy; or (ii) written notice of the death or incapacity of the maker of that proxy is received by AMG Funds III before the vote of shareholders occurs. All properly executed proxies received in time for the Meeting will be

voted as specified in the proxy, or, if no specification is made, “for” each proposal. Under the AMG Funds III Bylaws, a proxy with respect to shares held in the name of two or more persons shall be valid if executed by one of them unless at or prior to exercise of such proxy AMG Funds III receives a specific written notice to the contrary from any one of them. All questions relating to the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the Meeting.

3. ADJOURNMENTS

To the extent permitted by the AMG Funds III Trust Agreement and the AMG Funds III Bylaws, the Meeting, by action of the chairman of the Meeting, may be adjourned without further notice with respect to one or more matters to be considered at the Meeting to a designated time and place, whether or not a quorum is present with respect to such matter. Upon motion of the chairman of the Meeting, the question of adjournment may be (but is not required to be) submitted to a vote of the shareholders, and in that case, any adjournment with respect to one or more matters must be approved by the vote of a majority of the votes cast in person or by proxy at the Meeting with respect to the matter or matters adjourned, whether or not a quorum is present with respect to such matter or matters, and if approved, such adjournment shall take place without the necessity of further notice. Unless a proxy is otherwise limited in this regard, any shares present and entitled to vote at the Meeting may, at the discretion of the proxies named therein, be voted in favor of such an adjournment. Any business that might have been transacted at the Meeting originally called may be transacted at any such adjourned session(s) at which a quorum is present. Any adjourned session or sessions may be held without the necessity of further notice.

The costs of any additional solicitation and of any adjourned session will be borne by AMGF and GW&K. Any proposal for which sufficient favorable votes have been received by the time of the Meeting will be acted upon and such action will be final regardless of whether the Meeting is adjourned to permit additional solicitation with respect to another proposal.

4. METHODS OF VOTING

The solicitation of proxies by personal interview, mail and telephone may be made by officers and Trustees of AMG Funds III and officers and employees of AMG Funds, its affiliates and other representatives and agents of AMG Funds III and representatives of broker-dealers and other financial intermediaries. AMG Funds III has retained AST Fund Solutions to aid in the solicitation of proxies (which is estimated to cost approximately \$104,000). AMGF and GW&K will pay the expenses of the Reorganization, including proxy solicitation costs and expenses of any paid solicitor, so that shareholders of the Target Fund and shareholders of the Acquiring Fund will not bear any of these costs associated with the preparation of this Proxy Statement/Prospectus or the solicitation of proxies. AMGF will not seek reimbursement of the expenses from AMG Funds III.

Electronic Voting. In addition to voting by mail, you may also give your voting instructions via the Internet or by touch-tone telephone by following the instructions enclosed with the proxy card.

Telephone Voting. You may give your voting instructions over the telephone by calling AST Fund Solutions. A representative of AST Fund Solutions will answer your call Monday through Friday 9:00 a.m. to 11:00 p.m. Eastern Time. When receiving your instructions by telephone, the representative will ask you for certain identifying information. If the information you provide matches the information provided to AST Fund Solutions by AMG Funds III, then the AST Fund Solutions representative will explain the proxy process. AST Fund Solutions is not permitted to recommend to you how to vote, other than to read any recommendation included in the Proxy Statement/Prospectus. AST Fund Solutions will record your instructions and transmit them to the official tabulator.

As the Meeting date approaches, you may receive a call from a representative of AST Fund Solutions if AMG Funds III has not yet received your vote. The representative may ask you for authority, by telephone or by electronically transmitted instructions, to permit AST Fund Solutions to sign a proxy on your behalf. AST Fund Solutions will record all instructions it receives from shareholders by telephone or electronically, and the proxies it signs in accordance with those instructions, in accordance with the procedures set forth above. The Trustees of AMG Funds III believe those procedures are reasonably designed to determine accurately a shareholder’s identity and voting instructions.

Voting by Mail. If you wish to participate in the Meeting, but do not wish to give a proxy by telephone or via the Internet, you can still complete, sign and mail the proxy card received with the proxy statement by following the instructions enclosed with the proxy card, or you can attend the Meeting.

Shareholder Proposals at Future Meetings. AMG Funds III does not hold annual or other regular meetings of shareholders. Special meetings of the shareholders of AMG Funds III or any series thereof shall be called upon the written request of shareholders owning at least one-tenth of the outstanding shares entitled to vote.

5. OTHER MATTERS

AMG Funds III is not aware of any other matters that are expected to arise at the Meeting. If any other matter should arise, however, the persons named in properly executed proxies have discretionary authority to vote such proxies as they shall decide.

As of November 4, 2020, the number of issued and outstanding shares of each class of the Target Fund were as follows:

Fund/Class	Shares Issued and Outstanding
AMG GW&K Mid Cap Fund (Class N)	2,782,924.678
AMG GW&K Mid Cap Fund (Class I)	539,250.080
AMG GW&K Mid Cap Fund (Class Z)	679,827.485

As of November 4, 2020, the number of issued and outstanding shares of each class of the Acquiring Fund were as follows:

Fund/Class	Shares Issued and Outstanding
AMG GW&K Small/Mid Cap Fund (Class N)	13,958.467
AMG GW&K Small/Mid Cap Fund (Class I)	10,022,488.020
AMG GW&K Small/Mid Cap Fund (Class Z)	6,573,872.905

6. INTEREST OF CERTAIN PERSONS IN THE TRANSACTIONS

Target Fund

To the knowledge of the Target Fund, the following are the only persons and/or entities who owned of record or beneficially five percent or more of the outstanding shares of each class of the Target Fund, as of September 29, 2020:

Name and Address	Number of Shares	Percentage Ownership
AMG GW&K Mid Cap Fund (Class N Shares)		
Wells Fargo Clearing Services LLC 2801 Market Street St. Louis, Missouri 63103	245,550.902	11.47%
Morgan Stanley Smith Barney LLC For the Exclusive Benefit of Its Customers 1 New York Plaza, Floor 12 New York, New York 10004-1901	197,644.119	9.23%
National Financial Services, LLC For the Exclusive Benefit of Our Customers Attn: Mutual Funds Department, 4th Floor 499 Washington Boulevard Jersey City, New Jersey 07310-2010	172,337.345	8.05%
Pershing LLC 1 Pershing Plaza Jersey City, New Jersey 07399-0002	161,954.210	7.56%
LPL Financial Omnibus Customer Account Attn: Lindsay O'Toole	120,073.208	5.61%

4707 Executive Drive
San Diego, California 92121

AMG GW&K Mid Cap Fund (Class I Shares)

National Financial Services, LLC For the Exclusive Benefit of Our Customers Attn: Mutual Funds Department, 4th Floor 499 Washington Boulevard Jersey City, New Jersey 07310-2010	202,701.130	48.53%
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Lincoln Retirement Services Co. FBO Rockdale Co BOE 403B P.O. Box 7876 Fort Wayne, Indiana 46801-7876	81,695.760	19.56%
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Lincoln Retirement Services Co. FBO Rockdale Co BOE 457B P.O. Box 7876 Fort Wayne, Indiana 46801-7876	21,248.617	5.09%
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AMG GW&K Mid Cap Fund (Class Z Shares)

National Financial Services, LLC For the Exclusive Benefit of Our Customers Attn: Mutual Funds Department, 4th Floor 499 Washington Boulevard Jersey City, New Jersey 07310-2010	116,059.265	21.68%
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Merrill Lynch Pierce Fenner & Smith For the Sole Benefit of Its Customers 4800 Deer Lake Drive East Jacksonville, Florida 32246-6484	110,837.379	20.71%
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Pershing LLC 1 Pershing Plaza Jersey City, New Jersey 07399-0002	71,906.505	13.43%
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Wells Fargo Clearing Services LLC 2801 Market Street St. Louis, Missouri 63103	49,581.588	9.26%
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Charles Schwab & Co. Inc. Special Custody Account for the Exclusive Benefit of Customers Attn: Mutual Funds 101 Montgomery Street San Francisco, California 94104-4122	49,340.041	9.22%
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LPL Financial Omnibus Customer Account Attn: Lindsay O'Toole 4707 Executive Drive San Diego, California 92121	47,181.608	8.81%
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* Denotes persons or entities that owned 25% or more of the outstanding shares of beneficial interest of the Target Fund as of September 29, 2020, and therefore may be presumed to “control” the Target Fund under the 1940 Act. Except for these persons or entities, AMG Funds III did not know of any person or entity who, as of September 29, 2020, “controlled” (within the meaning of the 1940 Act) the Target Fund. A person or entity that “controls” the Target Fund could have effective voting control over the Target Fund. It may not be possible for matters subject to a vote of a majority of the outstanding voting securities of the Target Fund to be approved without the affirmative vote of such “controlling” shareholders, and it may be possible for such matters to be approved by such shareholders without the affirmative vote of any other shareholders.

As of October 6, 2020, all management personnel (i.e. Trustees and officers of AMG Funds III) as a group owned less than 1% of the outstanding shares of each class of the Target Fund.

Since the beginning of the most recently completed fiscal year, no Trustee has purchased or sold securities of AMGF, GW&K or any of their respective parents and subsidiaries exceeding 1% of the outstanding securities of any class of securities issued by AMGF, GW&K or any of their respective parents or subsidiaries.

Certain Trustees and Officers may from time to time own securities of AMG, including securities received as compensation for services to AMG or its affiliates.

AMGF serves as administrator of the Target Fund under the Target Fund Administration Agreement. For the fiscal year ended May 31, 2020, the Target Fund paid \$137,841 to AMGF under the Target Fund Administration Agreement. AMGDI serves as the principal distributor and underwriter for the Target Fund under a Distribution Agreement between the Distributor and AMG Funds III with respect to the Target Fund, and AMG Funds III has adopted a distribution and services plan with respect to Class N shares of the Target Fund (the “**Target Fund 12b-1 Plan**”), in accordance with the requirements of Rule 12b-1 under the 1940 Act. For the fiscal year ended May 31, 2020, Class N shares of the Target Fund paid \$151,458 under the Target Fund 12b-1 Plan. AMGF and AMGDI will continue to provide these administrative and distribution services, respectively, to the Target Fund after the New Subadvisory Agreement is approved.

For the fiscal year ended May 31, 2020, the Target Fund did not pay any commissions to any affiliated broker-dealer.

Acquiring Fund

To the knowledge of the Acquiring Fund, the following are the only persons and/or entities who owned of record or beneficially five percent or more of the outstanding shares of each class of the Acquiring Fund, as of October 6, 2020:

Name and Address	Number of Shares	Percentage Ownership
AMG GW&K Small/Mid Cap Fund (Class N Shares)		
AMG Funds LLC 600 Steamboat Road, Suite 300 Greenwich, Connecticut 06830-7149	8,888.387	67.18%
TD Ameritrade Inc. For the Exclusive Benefit of Our Clients P.O. Box 2226 Omaha, Nebraska 68103-2226	4,342.278	32.82%
AMG GW&K Small/Mid Cap Fund (Class I Shares)		
Charles Schwab & Co. Inc.* Special Custody Account for the Exclusive Benefit of Customers Attn: Mutual Funds 101 Montgomery Street San Francisco, California 94104-4122	5,563,726.036	56.35%
National Financial Services LLC	2,827,227.417	28.63%

For the Exclusive Benefit of Our
Customers
Attn: Mutual Funds Department, 4th Floor
499 Washington Boulevard
Jersey City, New Jersey 07310-2010

SEI Private Trust Company c/o Legacy SWP 1 Freedom Valley Drive Oaks, Pennsylvania 19456	593,626.953	6.01%
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**AMG GW&K Small/Mid Cap Fund
(Class Z Shares)**

Matrix Trust Company* Trustee FBO St. Jude Medical, Inc. Management S P.O. Box 52129 Phoenix, Arizona 85072	4,530,790.951	66.89%
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Lincoln Retirement Services Company FBO Kaleida Health 403B P.O. Box 7876 Fort Wayne, Indiana 46801-7876	1,793,282.915	26.47%
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* Denotes persons or entities that owned 25% or more of the outstanding shares of beneficial interest of the Acquiring Fund as of October 6, 2020, and therefore may be presumed to “control” the Acquiring Fund under the 1940 Act. Except for these persons or entities, AMG Funds did not know of any person or entity who, as of October 6, 2020, “controlled” (within the meaning of the 1940 Act) the Acquiring Fund. A person or entity that “controls” the Acquiring Fund could have effective voting control over the Acquiring Fund. It may not be possible for matters subject to a vote of a majority of the outstanding voting securities of the Acquiring Fund to be approved without the affirmative vote of such “controlling” shareholders, and it may be possible for such matters to be approved by such shareholders without the affirmative vote of any other shareholders.

As of October 6, 2020, all management personnel (i.e. Trustees and officers of AMG Funds) as a group owned less than 1% of the outstanding shares of each class of the Acquiring Fund.

V. FINANCIAL HIGHLIGHTS

The following Financial Highlights tables are intended to help you understand the Acquiring Fund’s financial performance since inception. Certain information reflects financial results for a single Acquiring Fund share. The total returns in the tables represent the rate that an investor would have earned or lost on an investment in the Acquiring Fund (assuming reinvestment of all dividends and distributions). The information is derived from the Acquiring Fund’s financial statements and (except for information for the six months ended June 30, 2020) has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report is included in the Acquiring Fund’s Annual Report to shareholders, which is available upon request. The Acquiring Fund’s unaudited financial statements for the semi-annual period ended June 30, 2020 are included in the Acquiring Fund’s Semi-Annual Report, which is also available upon request. All unaudited interim financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. In addition, all such adjustments are of a normal recurring nature.

AMG GW&K Small/Mid Cap Fund Class N	<u>For the six months ended June 30, 2020</u> (unaudited)	<u>For the fiscal years ended December 31,</u>		<u>For the fiscal period ended December 31,</u>
		<u>2019</u>	<u>2018</u>	<u>2017¹</u>
Net Asset Value, Beginning of Period	\$13.03	\$9.99	\$11.15	\$10.35
Income (loss) from Investment Operations:				
Net investment income (loss) ^{2,3}	0.00 ⁴	0.00 ⁴	(0.01)	0.01 ⁵
Net realized and unrealized gain (loss) on investments	(0.73)	3.07	(0.91)	0.94

Total income (loss) from investment operations	(0.73)	3.07	(0.92)	0.95
Less Distributions to Shareholders from:				
Net investment income	—	(0.01)	—	—
Net realized gain on investments	—	(0.02)	(0.24)	(0.15)
Total distributions to shareholders	—	(0.03)	(0.24)	(0.15)
Net Asset Value, End of Period	<u>\$12.30</u>	<u>\$13.03</u>	<u>\$9.99</u>	<u>\$11.15</u>
Total Return ^{3,6}	(5.53)% ⁷	30.64%	(8.25)%	9.17% ⁷
Ratio of net expenses to average net assets ⁸	1.10% ⁹	1.09%	1.09%	1.10% ⁹
Ratio of gross expenses to average net assets ¹⁰	1.13% ⁹	1.14%	1.16%	1.71% ⁹
Ratio of net investment income (loss) to average net assets ³	0.08% ⁹	0.02%	(0.09)%	0.12% ⁹
Portfolio turnover	17% ⁷	18%	53%	38%
<u>Net assets end of period (000's) omitted</u>	<u>\$163</u>	<u>\$172</u>	<u>\$89</u>	<u>\$11</u>

**AMG GW&K Small/Mid Cap Fund
Class I**

	<u>For the six-months ended</u> <u>June 30, 2020</u> (unaudited)	<u>For the fiscal years ended December 31,</u>				<u>For the fiscal</u> <u>period ended</u> <u>December 31,</u>
		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u> ¹¹	<u>2015</u> ¹²
Net Asset Value, Beginning of Period	\$13.04	\$9.99	\$11.15	\$9.80	\$8.95	\$10.00
Income (loss) from Investment Operations:						
Net investment income (loss) ^{2,3}	0.01	0.02	0.01	0.03 ⁵	(0.03)	(0.02)
Net realized and unrealized gain (loss) on investments	(0.73)	3.07	(0.92)	1.48	0.89	(1.03)
Total income (loss) from investment operations	(0.72)	3.09	(0.91)	1.51	0.86	(1.05)
Less Distributions to Shareholders from:						
Net investment income	—	(0.02)	(0.01)	(0.01)	(0.01)	—
Net realized gain on investments	—	(0.02)	(0.24)	(0.15)	—	—
Total distributions to shareholders	—	(0.04)	(0.25)	(0.16)	(0.01)	—
Net Asset Value, End of Period	<u>\$12.32</u>	<u>\$13.04</u>	<u>\$9.99</u>	<u>\$11.15</u>	<u>\$9.80</u>	<u>\$8.95</u>
Total Return ^{3,6}	(5.52)% ⁷	30.86%	(8.15)%	15.44%	9.55%	(10.50)% ⁷
Ratio of net expenses to average net assets ⁸	0.95% ⁹	0.94%	0.94%	0.94%	0.95%	0.95% ⁹
Ratio of gross expenses to average net assets ¹⁰	0.98% ⁹	0.99%	1.01%	1.62%	4.60%	11.39% ⁹
Ratio of net investment income (loss) to average net assets ³	0.23% ⁹	0.17%	0.06%	0.26%	(0.38)%	(0.39)% ⁹
Portfolio turnover	17% ⁷	18%	53%	38%	48%	41% ⁷
<u>Net assets end of period (000's) omitted</u>	<u>\$115,359</u>	<u>\$102,784</u>	<u>\$54,376</u>	<u>\$24,266</u>	<u>\$2</u>	<u>\$1</u>

**AMG GW&K Small/Mid Cap Fund
Class Z**

	<u>For the six months ended</u> <u>June 30, 2020</u> (unaudited)	<u>For the fiscal years</u> <u>ended December 31,</u>		<u>For the fiscal</u> <u>period ended</u> <u>December 31,</u>
		<u>2019</u>	<u>2018</u>	<u>2017</u> ¹
Net Asset Value, Beginning of Period	\$13.05	\$10.00	\$11.15	\$10.35
Income (loss) from Investment Operations:				
Net investment income ^{2,3}	0.02	0.03	0.02	0.03 ⁵
Net realized and unrealized gain (loss) on investments	(0.73)	3.07	(0.91)	0.94
Total income (loss) from investment operations	(0.71)	3.10	(0.89)	0.97
Less Distributions to Shareholders from:				
Net investment income	—	(0.03)	(0.02)	(0.02)
Net realized gain on investments	—	(0.02)	(0.24)	(0.15)
Total distributions to shareholders	—	(0.05)	(0.26)	(0.17)
Net Asset Value, End of Period	<u>\$12.34</u>	<u>\$13.05</u>	<u>\$10.00</u>	<u>\$11.15</u>
Total Return ^{3,6}	(5.44)% ⁷	30.94%	(7.98)%	9.34% ⁷
Ratio of net expenses to average net assets ⁸	0.85% ⁹	0.84%	0.84%	0.85% ⁹

Ratio of gross expenses to average net assets ¹⁰	0.88% ⁹	0.89%	0.91%	1.46% ⁹
Ratio of net investment income to average net assets ³	0.33% ⁹	0.27%	0.16%	0.37% ⁹
Portfolio turnover	17% ⁷	18%	53%	38%
<u>Net assets end of period (000's) omitted</u>	<u>\$84,039</u>	<u>\$95,884</u>	<u>\$65,375</u>	<u>\$6,980</u>

- 1 Commencement of operations was on February 27, 2017.
- 2 Per share numbers have been calculated using average shares.
- 3 Total returns and net investment income (loss) would have been lower had certain expenses not been offset.
- 4 Less than \$0.005 per share.
- 5 Includes non-recurring dividends. Without these dividends, net investment income per share would have been \$(0.01), \$0.00, and \$0.01 for Class N, Class I and Class Z, respectively.
- 6 The total return is calculated using the published Net Asset Value as of period end.
- 7 Not annualized.
- 8 Includes reduction from broker recapture amounting to less than 0.01% for the six months ended June 30, 2020, 0.01% for the fiscal years ended 2019, 2018, and less than 0.01% for the fiscal year ended 2017.
- 9 Annualized.
- 10 Excludes the impact of expense reimbursement or fee waivers and expense reductions such as brokerage credits, but includes expense repayments and non-reimbursable expenses, if any, such as interest, taxes, and extraordinary expenses.
- 11 Effective October 1, 2016, Institutional Class was renamed Class I.
- 12 Commencement of operations was on June 30, 2015.

VI. AVAILABLE INFORMATION

The Target Fund and Acquiring Fund are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and the 1940 Act, and in accordance therewith file reports, proxy material and other information with the SEC. Such reports, proxy material and other information can be inspected and copied at the Public Reference Facilities maintained by the SEC at 100 F Street, NE, Washington, D.C. 20549 and at certain of the SEC's regional offices. Copies of such material also can be obtained at prescribed rates from the Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549.

Form of

AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization (the “Agreement”) is made as of [], 2020 in Greenwich, Connecticut, by and between AMG Funds III, a Massachusetts business trust (“AMG Funds III”), on behalf of its series AMG GW&K Mid Cap Fund (formerly AMG Managers Cadence Mid Cap Fund) (the “Target Fund”), AMG Funds, a Massachusetts business trust (“AMG Funds,” and together with AMG Funds III, the “Trusts” and each, a “Trust”), on behalf of its series AMG GW&K Small/Mid Cap Fund (the “Acquiring Fund,” and together with the Target Fund, the “Funds” and each, a “Fund”), and AMG Funds LLC, the investment adviser to each Fund (the “Adviser”) (for purposes of Section 5 of the Agreement only).

PLAN OF REORGANIZATION

- (a) Target Fund agrees to sell, assign, convey, transfer and deliver to Acquiring Fund on the Exchange Date (as defined in Section 6) all of its properties and assets existing at the Valuation Time (as defined in Section 4(f)). In consideration therefor, Acquiring Fund agrees, on the Exchange Date, to assume all of the liabilities of Target Fund existing at the Valuation Time and to deliver to Target Fund (i) a number of full and fractional Class N shares of beneficial interest of Acquiring Fund (the “Class N Merger Shares”) having an aggregate net asset value equal to the value of the assets of Target Fund attributable to Class N shares of Target Fund transferred to Acquiring Fund on such date less the value of the liabilities of Target Fund attributable to Class N shares of Target Fund assumed by Acquiring Fund on such date, (ii) a number of full and fractional Class I shares of beneficial interest of Acquiring Fund (the “Class I Merger Shares”) having an aggregate net asset value equal to the value of the assets of Target Fund attributable to Class I shares of Target Fund transferred to Acquiring Fund on such date less the value of the liabilities of Target Fund attributable to Class I shares of Target Fund assumed by Acquiring Fund on such date, and (iii) a number of full and fractional Class Z shares of beneficial interest of Acquiring Fund (the “Class Z Merger Shares”) having an aggregate net asset value equal to the value of the assets of Target Fund attributable to Class Z shares of Target Fund transferred to Acquiring Fund on such date less the value of the liabilities of Target Fund attributable to Class Z shares of Target Fund assumed by the Acquiring Fund on such date. The Class N Merger Shares, Class I Merger Shares, and Class Z Merger Shares are referred to collectively as the “Merger Shares.” The reorganization described in this Plan is intended to be a “reorganization” within the meaning of Section 368(a)(1) of the Internal Revenue Code of 1986, as amended (the “Code”). The Target Fund will endeavor, to the extent practicable, to discharge all of its liabilities and obligations that are accrued prior to the Exchange Date. Before the Exchange Date, the Target Fund will declare and pay to its shareholders a dividend and/or other distribution in an amount such that it will have distributed all of its net investment income and capital gains as described in Section 8(k) hereof.
- (b) Upon consummation of the transactions described in paragraph (a) of this Agreement, Target Fund will distribute in complete liquidation to its Class N, Class I, and Class Z shareholders of record as of the Exchange Date the Merger Shares, each shareholder being entitled to receive that proportion of Class N Merger Shares, Class I Merger Shares, and Class Z Merger Shares that the number of Class N, Class I, and Class Z shares of beneficial interest of Target Fund held by such shareholder bears to the number of Class N, Class I, and Class Z shares of Target Fund outstanding on such date.

AGREEMENT

Acquiring Fund and Target Fund agree as follows:

1. Representations and warranties of Acquiring Fund.

Acquiring Fund represents and warrants to and agrees with Target Fund that:

- (a) Acquiring Fund is a series of AMG Funds, a voluntary association with transferable shares duly established and validly existing under the laws of The Commonwealth of Massachusetts, and has power to own all of its properties and assets and to carry out its obligations under this Agreement. Acquiring Fund is qualified to do business in all jurisdictions in which it is required to be so qualified, except jurisdictions in which failure to so qualify would not have a material

adverse effect on Acquiring Fund. Acquiring Fund has all necessary federal, state and local authorizations to carry on its business as now being conducted and to carry out this Agreement.

- (b) Acquiring Fund is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company, and its registration has not been revoked or rescinded and is in full force and effect.
- (c) A statement of assets and liabilities, statement of operations, statement of changes in net assets and schedule of investments (indicating their market values) of Acquiring Fund for the fiscal year ended December 31, 2019, audited by PricewaterhouseCoopers LLP, the Acquiring Fund’s independent registered public accounting firm, and an unaudited statement of assets and liabilities, statement of operations, statement of changes in net assets and schedule of investments (indicating their market values) of Acquiring Fund for the six months ended June 30, 2020 have been furnished to Target Fund. The statements of assets and liabilities and schedules of investments fairly present the financial position of Acquiring Fund as of the dates thereof and the statements of operations and changes in net assets fairly reflect the results of its operations and changes in net assets for the periods covered thereby in conformity with U.S. generally accepted accounting principles.
- (d) The prospectus and statement of additional information dated May 1, 2020, previously furnished to Target Fund, as modified by any amendment or supplement thereto or any superseding prospectus or statement of additional information in respect thereof in effect before the Exchange Date, which will be furnished to Target Fund (collectively, the “Acquiring Fund Prospectus”), do not, as of the date hereof, and will not, as of the Exchange Date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that Acquiring Fund makes no representation or warranty as to any information in the Acquiring Fund Prospectus that does not specifically relate to Acquiring Fund.
- (e) There are no material legal, administrative or other proceedings pending or, to the knowledge of Acquiring Fund, threatened against Acquiring Fund which assert liability or which may, if successfully prosecuted to their conclusion, result in liability on the part of Acquiring Fund, other than as have been disclosed in the Registration Statement (defined below), the Acquiring Fund Prospectus or otherwise disclosed in writing to Target Fund.
- (f) Acquiring Fund has no known liabilities of a material nature, contingent or otherwise, other than those shown as belonging to it on its statement of assets and liabilities as of June 30, 2020 and those incurred in the ordinary course of Acquiring Fund’s business as an investment company since such date.
- (g) No consent, approval, authorization or order of any court or governmental authority is required for the consummation by Acquiring Fund of the transactions contemplated by this Agreement, except such as may be required under the Securities Act of 1933, as amended (the “1933 Act”), the Securities Exchange Act of 1934, as amended (the “1934 Act”), the 1940 Act, state securities or blue sky laws (which term as used herein will include the laws of the District of Columbia and of Puerto Rico) or the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the “H-S-R Act”).
- (h) The registration statement and any amendment thereto (including any post-effective amendment) (the “Registration Statement”) filed with the Securities and Exchange Commission (the “Commission”) by Acquiring Fund on Form N-14 relating to the Merger Shares issuable hereunder, and the proxy statement of Target Fund included therein (the “Proxy Statement”), on the effective date of the Registration Statement (i) will comply in all material respects with the provisions of the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder and (ii) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at the time of the shareholders’ meeting referred to in Section 7(a) and at the Exchange Date, the prospectus contained in the Registration Statement (the “Prospectus”), as amended or supplemented by any amendments or supplements filed or requested to be filed with the Commission by Acquiring Fund, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that none of the representations and warranties in this subsection shall apply to statements in or omissions from the Registration Statement, the Prospectus, or the Proxy Statement made in reliance upon and in conformity with information furnished by Target Fund for use in the Registration Statement, the Prospectus, or the Proxy Statement.
- (i) There are no material contracts outstanding to which Acquiring Fund is a party, other than as disclosed in the Registration Statement, the Prospectus, or the Proxy Statement or otherwise disclosed to the Target Fund.
- (j) All of the issued and outstanding shares of beneficial interest of Acquiring Fund have been offered for sale and sold in conformity with all applicable federal securities laws.
- (k) For each taxable year of its operation, Acquiring Fund has qualified and will at all times through the Exchange Date qualify for taxation as a “regulated investment company” under Sections 851 and 852 of the Code.
- (l) Acquiring Fund has timely filed or will timely file (taking into account extensions) all federal, state and other tax returns or reports which are required to be filed by Acquiring Fund, and all such tax returns and reports are or will be,

as the case may be, true, correct and complete in all material respects. Acquiring Fund has timely paid or will timely pay all federal, state and other taxes shown to be due or required to be shown as due on said returns or shown or required to be shown on any assessments received by Acquiring Fund. All tax liabilities of Acquiring Fund have been adequately provided for on its books, and to the knowledge of Acquiring Fund, no tax deficiency or liability of Acquiring Fund has been asserted, and no question with respect thereto has been raised, by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid. As of the Exchange Date, Acquiring Fund is not under audit by the Internal Revenue Service, or by any state or local tax authority, for taxes in excess of those already paid.

- (m) The issuance of the Merger Shares pursuant to this Agreement will be in compliance with all applicable federal securities laws.
- (n) The Merger Shares have been duly authorized and, when issued and delivered pursuant to this Agreement, will be legally and validly issued and will be fully paid and nonassessable by Acquiring Fund, and no shareholder of Acquiring Fund will have any preemptive right of subscription or purchase in respect thereof.

2. Representations and warranties of Target Fund.

Target Fund represents and warrants to and agrees with Acquiring Fund that:

- (a) Target Fund is a series of AMG Funds III, a voluntary association with transferable shares duly established and validly existing under the laws of The Commonwealth of Massachusetts, and has power to own all of its properties and assets and to carry out its obligations under this Agreement. Target Fund is qualified to do business in all jurisdictions in which it is required to be so qualified, except jurisdictions in which failure to so qualify would not have a material adverse effect on Target Fund. Target Fund has all necessary federal, state and local authorizations to carry on its business as now being conducted and to carry out this Agreement.
- (b) The Target Fund is registered under the 1940 Act as an open-end management investment company, and its registration has not been revoked or rescinded and is in full force and effect.
- (c) A statement of assets and liabilities, statement of operations, statement of changes in net assets and schedule of investments (indicating their market values) of Target Fund for the fiscal year ended May 31, 2020, audited by PricewaterhouseCoopers LLP, the Target Fund's independent registered public accounting firm, have been furnished to Acquiring Fund. The statements of assets and liabilities and schedules of investments fairly present the financial position of Target Fund as of the dates thereof, and the statements of operations and changes in net assets fairly reflect the results of its operations and changes in net assets for the periods covered thereby in conformity with U.S. generally accepted accounting principles.
- (d) The prospectus and statement of additional information dated October 1, 2020, previously furnished to Acquiring Fund, together with any amendment or supplement thereto or any superseding prospectus or statement of additional information in respect thereof in effect before the Exchange Date, which will be furnished to Acquiring Fund (collectively the "Target Fund Prospectus"), do not, as of the date hereof, and will not, as of the Exchange Date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided however, that Target Fund makes no representation or warranty as to any information in the Target Fund Prospectus that does not specifically relate to Target Fund.
- (e) There are no material legal, administrative or other proceedings pending or, to the knowledge of Target Fund, threatened against Target Fund which assert liability or which may, if successfully prosecuted to their conclusion, result in liability on the part of Target Fund, other than as have been disclosed in the Registration Statement, the Target Fund Prospectus or otherwise disclosed in writing to the Acquiring Fund.
- (f) Target Fund has no known liabilities of a material nature, contingent or otherwise, other than those shown as belonging to it on its statement of assets and liabilities as of May 31, 2020 and those incurred in the ordinary course of Target Fund's business as an investment company since such date. Before the Exchange Date, Target Fund will advise Acquiring Fund of all material liabilities, contingent or otherwise, incurred by it subsequent to May 31, 2020, whether or not incurred in the ordinary course of business.
- (g) No consent, approval, authorization or order of any court or governmental authority is required for the consummation by Target Fund of the transactions contemplated by this Agreement, except such as may be required under the 1933 Act, the 1934 Act, the 1940 Act, state securities or blue sky laws, or the H-S-R Act.
- (h) The Registration Statement, the Prospectus, and the Proxy Statement on the effective date of the Registration Statement and insofar as they do not relate to Acquiring Fund (i) will comply in all material respects with the provisions of the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder and (ii) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the

statements therein not misleading; and at the time of the shareholders' meeting referred to in Section 7(a) and at the Exchange Date, the Prospectus, as amended or supplemented by any amendments or supplements filed or requested to be filed with the Commission by Acquiring Fund, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided however, that the representations and warranties in this subsection shall apply only to statements of fact relating to Target Fund contained in the Registration Statement, the Prospectus or the Proxy Statement, or omissions to state in any thereof a material fact relating to Target Fund, as such Registration Statement, Prospectus and Proxy Statement shall be furnished to Target Fund in definitive form as soon as practicable following effectiveness of the Registration Statement and before any public distribution of the Prospectus or Proxy Statement.

- (i) There are no material contracts outstanding to which Target Fund is a party, other than as disclosed in the Target Fund's registration statement (including any post-effective amendment) filed with the Commission on Form N-1A or the Target Fund Prospectus or otherwise disclosed to the Acquiring Fund.
- (j) All of the issued and outstanding shares of beneficial interest of Target Fund have been offered for sale and sold in conformity with all applicable federal securities laws.
- (k) For each taxable year of its operation (including the taxable year ending on the Exchange Date), Target Fund has qualified and will at all times through the Exchange Date qualify for taxation as a "regulated investment company" under Sections 851 and 852 of the Code.
- (l) Target Fund has timely filed or will timely file (taking into account extensions) all federal, state and other tax returns or reports which are required to be filed by Target Fund on or before the Exchange Date, and all such tax returns and reports are or will be, as the case may be, true, correct and complete in all material respects. Acquiring Fund has timely paid or will timely pay all federal, state and other taxes shown to be due or required to be shown as due on said returns or shown or required to be shown on any assessments received by Target Fund. All tax liabilities of Target Fund have been adequately provided for on its books, and to the knowledge of Target Fund, no tax deficiency or liability of Target Fund has been asserted, and no question with respect thereto has been raised, by the Internal Revenue Service or by any state or local tax authority for taxes in excess of those already paid. As of the Exchange Date, Target Fund is not under audit by the Internal Revenue Service, or by any state or local tax authority for taxes in excess of those already paid.
- (m) At both the Valuation Time and the Exchange Date, Target Fund will have full right, power and authority to sell, assign, transfer and deliver the Investments (defined below) and any other assets and liabilities of Target Fund to be transferred to Acquiring Fund pursuant to this Agreement. At the Exchange Date, subject only to the delivery of the Investments and any such other assets and liabilities as contemplated by this Agreement, Acquiring Fund will acquire the Investments and any such other assets and liabilities subject to no encumbrances, liens or security interests whatsoever and without any restrictions upon the transfer thereof (except for restrictions previously disclosed to Acquiring Fund by Target Fund). As used in this Agreement, the term "Investments" means all of Target Fund's properties and assets existing at the Valuation Time.
- (n) No registration under the 1933 Act of any of the Investments would be required if they were, as of the time of such transfer, the subject of a public distribution by either of Acquiring Fund or Target Fund, except as previously disclosed to Acquiring Fund by Target Fund.
- (o) At the Exchange Date, Target Fund will have sold such of its assets, if any, as may be necessary to ensure that, after giving effect to the acquisition of the assets of Target Fund pursuant to this Agreement, Acquiring Fund will remain in compliance with its investment restrictions as set forth in the Registration Statement.

3. Reorganization.

- (a) Subject to the requisite approval of the shareholders of Target Fund and to the other terms and conditions contained herein (including Target Fund's obligation to distribute to its shareholders all of its net investment income and capital gains as described in Section 8(k) hereof), Target Fund agrees to sell, assign, convey, transfer and deliver to Acquiring Fund, and Acquiring Fund agrees to acquire from Target Fund, on the Exchange Date all of the Investments of Target Fund, whether accrued or contingent (including cash received by Target Fund upon the liquidation by Target Fund of any investments purchased by Target Fund and designated by Acquiring Fund as being unsuitable for it to acquire), in exchange for that number of Merger Shares provided for in Section 4 and the assumption by Acquiring Fund of all of the liabilities of Target Fund, whether accrued or contingent, existing at the Valuation Time. Pursuant to this Agreement, Target Fund will, as soon as practicable after the Exchange Date, distribute all of the Class N Merger Shares, Class I Merger Shares, and Class Z Merger Shares received by it to the Class N, Class I, and Class Z shareholders, respectively, of Target Fund, in complete liquidation of Target Fund.
- (b) As soon as practicable following the requisite approval of the shareholders of Target Fund, Target Fund will, at its expense, sell or otherwise dispose of such of its portfolio securities as Acquiring Fund indicates it does not wish to

acquire. This liquidation will be substantially completed before the Exchange Date, unless otherwise agreed by Target Fund and Acquiring Fund.

- (c) Target Fund agrees to pay or cause to be paid to Acquiring Fund any interest, cash or such dividends, rights and other payments received by it on or after the Exchange Date with respect to the Investments of Target Fund, whether accrued or contingent. Any such distribution will be deemed included in the assets transferred to Acquiring Fund at the Exchange Date and will not be separately valued unless the securities in respect of which such distribution is made have gone “ex” before the Valuation Time, in which case any such distribution which remains unpaid at the Exchange Date will be included in the determination of the value of the assets of Target Fund acquired by Acquiring Fund.

4. Exchange date; valuation time.

On the Exchange Date, Acquiring Fund will deliver to Target Fund, determined in each case as provided hereafter in Section 4, (i) a number of full and fractional Class N Merger Shares having an aggregate net asset value equal to the value of the assets of Target Fund attributable to Class N shares of Target Fund transferred to Acquiring Fund on that date less the value of the liabilities of Target Fund attributable to Class N shares of Target Fund assumed by Acquiring Fund on that date; (ii) a number of full and fractional Class I Merger Shares having an aggregate net asset value equal to the value of the assets of Target Fund attributable to Class I shares of Target Fund transferred to Acquiring Fund on that date less the value of the liabilities of Target Fund attributable to Class I shares of Target Fund assumed by Acquiring Fund on that date; and (iii) a number of full and fractional Class Z Merger Shares having an aggregate net asset value equal to the value of the assets of Target Fund attributable to Class Z shares of Target Fund transferred to Acquiring Fund on that date less the value of the liabilities of Target Fund attributable to Class Z shares of Target Fund assumed by Acquiring Fund on that date.

- (a) The net asset value of the Merger Shares to be delivered to Target Fund, the value of the assets attributable to the Class N, Class I, and Class Z shares of Target Fund and the value of the liabilities attributable to the Class N, Class I, and Class Z shares of Target Fund to be assumed by Acquiring Fund will in each case be determined as of the Valuation Time by Acquiring Fund, in cooperation with Target Fund, pursuant to procedures customarily used by Acquiring Fund in determining the fair market value of Acquiring Fund’s assets and liabilities.
- (b) No adjustment will be made in the net asset value of either Target Fund or Acquiring Fund to take into account differences in realized and unrealized gains and losses.
- (c) The investment restrictions of Target Fund will be temporarily amended to the extent necessary to effect the transactions contemplated by this Agreement.
- (d) Acquiring Fund will issue the Merger Shares, registered in the name of Target Fund, to Target Fund. Acquiring Fund will then, in accordance with written instructions furnished by Target Fund, re-register the Class N Merger Shares in the names of the Class N shareholders of Target Fund, re-register the Class I Merger Shares in the names of the Class I shareholders of Target Fund, and re-register the Class Z Merger Shares in the names of the Class Z shareholders of Target Fund.
- (e) Acquiring Fund will assume all liabilities of Target Fund, whether accrued or contingent, in connection with the acquisition of assets and subsequent dissolution of Target Fund or otherwise.
- (f) The Valuation Time is 4:00 p.m. Eastern Time on February 5, 2021 or such earlier or later time and day as may be mutually agreed upon in writing by the parties (the “Valuation Time”).

5. Expenses, fees, etc.

- (a) Except as otherwise provided in this Section 5, the Adviser, by countersigning this Agreement, agrees that it will bear any and all costs and expenses of the transactions contemplated by this Agreement incurred by the Acquiring Fund and the Target Fund; provided, however, that each of the Acquiring Fund and Target Fund shall bear any and all registration fees, brokerage commissions, dealer mark-ups, transfer taxes and similar expenses, if any, that it may incur in connection with the purchases or sales of portfolio securities or incurred by it in connection with the transactions contemplated by this Agreement. The Target Fund will bear any costs and expenses incurred by it in connection with the liquidation of its assets contemplated by this Agreement. Notwithstanding any of the foregoing, costs and expenses will in any event be paid by the party directly incurring them if and to the extent that the payment by another party of such costs and expenses would result in the disqualification of such party as a “regulated investment company” within the meaning of Sections 851 and 852 of the Code.
- (b) Notwithstanding any other provisions of this Agreement, if for any reason the transactions contemplated by this Agreement are not consummated, no party shall be liable to the other party for any damages resulting therefrom, including without limitation consequential damages, except as specifically set forth above.

6. Exchange date.

Delivery of the assets of Target Fund to be transferred, assumption of the liabilities of Target Fund to be assumed and the delivery of the Merger Shares to be issued shall be made at the offices of the Adviser at 600 Steamboat Road, Suite 300, Greenwich, Connecticut 06830, at 9:00 a.m. on the next full business day following the Valuation Time, or at such other time and date agreed to by Acquiring Fund and Target Fund, the date and time upon which such delivery is to take place being referred to herein as the “Exchange Date.”

7. Dissolution.

- (a) AMG Funds III, on behalf of Target Fund, agrees to call a meeting of its shareholders as soon as is practicable after the effective date of the Registration Statement for, among other things, the purpose of considering the matters contemplated by this Agreement.
- (b) AMG Funds III agrees that the liquidation and dissolution of Target Fund will be effected in the manner provided in the Declaration of Trust of AMG Funds III in accordance with applicable law and that on and after the Exchange Date, Target Fund will not conduct any business except in connection with its liquidation and dissolution.
- (c) AMG Funds, on behalf of Acquiring Fund, will, after the preparation and delivery by AMG Funds III, on behalf of Target Fund, of a preliminary version of the Proxy Statement which was satisfactory to AMG Funds and Acquiring Fund and to Ropes & Gray LLP for inclusion in the Registration Statement, file the Registration Statement with the Commission. AMG Funds III, on behalf of Target Fund, and AMG Funds, on behalf of Acquiring Fund, will cooperate with the other, and each will furnish to the other the information relating to itself or its respective Fund required by the 1933 Act, the 1934 Act and the 1940 Act and the rules and regulations thereunder to be set forth in the Registration Statement, including the Prospectus and the Proxy Statement.

8. Conditions to Acquiring Fund’s obligations.

The obligations of Acquiring Fund hereunder are subject to the following conditions:

- (a) That this Agreement is adopted and the transactions contemplated hereby are approved by the affirmative vote of (i) at least a majority of the Trustees of Target Fund (including a majority of those Trustees who are not “interested persons”, as defined in Section 2(a)(19) of the 1940 Act, of Target Fund); (ii) at least a majority of the Trustees of Acquiring Fund (including a majority of those Trustees who are not “interested persons”, as defined in Section 2(a)(19) of the 1940 Act, of Acquiring Fund); and (iii) at a duly constituted meeting, at least a majority of the outstanding shares, as defined in Section 2(a)(42) of the 1940 Act, of Target Fund.
- (b) That Target Fund will have furnished to Acquiring Fund (i) a statement of Target Fund’s net assets, with values determined as provided in Section 4 of this Agreement, together with a list of Investments, all as of the Valuation Time, certified on Target Fund’s behalf by AMG Funds III’s President (or any Vice President) and Treasurer (or any Assistant or Deputy Treasurer), and a certificate of both officers, dated the Exchange Date, to the effect that as of the Valuation Time and as of the Exchange Date there has been no material adverse change in the financial position of Target Fund since May 31, 2020, other than changes in the Investments and other assets and properties since that date or changes in the market value of the Investments and other assets of Target Fund, changes due to net redemptions or changes due to dividends paid or losses from operations; (ii) a statement of the tax basis of each Investment transferred by Target Fund to Acquiring Fund; and (iii) copies of all relevant tax books and records.
- (c) That Target Fund will have furnished to Acquiring Fund a statement, dated the Exchange Date, signed on behalf of Target Fund by AMG Funds III’s President (or any Vice President) and Treasurer (or any Assistant or Deputy Treasurer) certifying that as of the Valuation Time and as of the Exchange Date all representations and warranties of Target Fund made in this Agreement are true and correct in all material respects as if made at and as of such dates, and that Target Fund has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to each of such dates.
- (d) That there is no material litigation pending with respect to the matters contemplated by this Agreement.
- (e) That Acquiring Fund will have received an opinion of Ropes & Gray LLP, in form satisfactory to Acquiring Fund and dated the Exchange Date, to the effect that (i) Target Fund is a series of AMG Funds III, a voluntary association with transferable shares validly existing under the laws of The Commonwealth of Massachusetts, (ii) this Agreement has been duly authorized, executed, and delivered by AMG Funds III, on behalf of Target Fund and, assuming that the Registration Statement, the Prospectus, and the Proxy Statement comply with the 1933 Act, the 1934 Act and the 1940 Act and assuming due authorization, execution and delivery of this Agreement by Acquiring Fund, is a valid and binding obligation of AMG Funds III, on behalf of Target Fund subject to bankruptcy, insolvency, fraudulent transfers, moratorium and laws of general applicability relating to or affecting creditors’ rights and to general equity principles, (iii) the execution and delivery of this Agreement did not, and the consummation of the transactions contemplated hereby will not, violate AMG Funds III’s Declaration of Trust, as amended, or Bylaws, it being understood that with respect to investment restrictions as contained in AMG Funds III’s Declaration of Trust or Bylaws, such counsel may

rely upon a certificate of an officer of Target Fund whose responsibility it is to advise Target Fund with respect to such matters, and (iv) to the knowledge of such counsel, and without any independent investigation, no consent, approval, authorization or order of any court or governmental authority is required for the consummation by AMG Funds III, on behalf of Target Fund, of the transactions contemplated hereby, except such as have been obtained under the 1933 Act, the 1934 Act, and the 1940 Act.

- (f) That Acquiring Fund will have received an opinion of Ropes & Gray LLP dated the Exchange Date (which opinion will be based upon certain factual representations and customary assumptions and subject to certain qualifications), in a form reasonably satisfactory to each of Target Fund and Acquiring Fund, substantially to the effect that, on the basis of the existing provisions of the Code, Treasury regulations promulgated thereunder, current administrative rules and court decisions, generally for U.S. federal income tax purposes:
- (i) the acquisition by Acquiring Fund of all of the assets of Target Fund solely in exchange for Merger Shares and the assumption by Acquiring Fund of all the liabilities of Target Fund followed by the distribution by Target Fund to its shareholders of Merger Shares in complete liquidation of Target Fund, all pursuant to this Agreement, will constitute a “reorganization” within the meaning of Section 368(a)(1) of the Code, and Target Fund and Acquiring Fund will each be “a party to a reorganization” within the meaning of Section 368(b) of the Code,
 - (ii) under Sections 361 and 357 of the Code, Target Fund will not recognize gain or loss upon the transfer of all its assets to Acquiring Fund pursuant to this Agreement in exchange solely for Merger Shares and the assumption by Acquiring Fund of all the liabilities of Target Fund, or upon the distribution of Merger Shares by Target Fund to its shareholders in liquidation of Target Fund, except for (A) any gain or loss recognized on (1) “Section 1256 contracts” as defined in Section 1256(b) of the Code or (2) stock in a “passive foreign investment company” as defined in Section 1297(a) of the Code, and (B) any other gain or loss required to be recognized by reason of the Reorganization (1) as a result of the closing of the tax year of Target Fund, (2) upon the termination of a position, or (3) upon the transfer of an asset regardless of whether such a transfer would otherwise be a nontaxable transaction under the Code,
 - (iii) under Section 1032 of the Code, Acquiring Fund will not recognize gain or loss upon the receipt of the assets of Target Fund in exchange solely for Merger Shares and the assumption by Acquiring Fund of all the liabilities of Target Fund,
 - (iv) under Section 362(b) of the Code, Acquiring Fund’s tax basis in the assets of Target Fund transferred to Acquiring Fund pursuant to this Agreement will be the same as Target Fund’s tax basis in such assets immediately prior to the transfer, adjusted for any gain or loss required to be recognized as described in (ii) above,
 - (v) under Section 1223(2) of the Code, Acquiring Fund’s holding periods for the assets it receives from Target Fund pursuant to this Agreement, other than certain assets with respect to which gain or loss is required to be recognized as described in (ii) above, will include the periods during which such assets were held or treated for U.S. federal income tax purposes as being held by Target Fund,
 - (vi) under Section 354 of the Code, the Target Fund’s shareholders will not recognize gain or loss upon the exchange of all of their shares of Target Fund for Merger Shares,
 - (vii) under Section 358 of the Code, the aggregate tax basis in the Merger Shares received by a Target Fund shareholder pursuant to this Agreement will be the same as the aggregate tax basis in the Target Fund shares exchanged therefor,
 - (viii) under Section 1223(1) of the Code, a Target Fund shareholder’s holding period for the Merger Shares received pursuant to this Agreement will include the shareholder’s holding period for the Target Fund shares exchanged therefor, provided the shareholder held those Target Fund shares as capital assets on the date of the exchange, and
 - (ix) Acquiring Fund will succeed to and take into account the items of Target Fund described in Section 381(c) of the Code, subject to the conditions and limitations specified in Sections 381, 382, 383 and 384 of the Code and the Treasury regulations thereunder.
- (g) That the assets of Target Fund to be acquired by Acquiring Fund will include no assets which Acquiring Fund, by reason of charter limitations or of investment restrictions disclosed in the Registration Statement in effect on the Exchange Date, may not properly acquire.
- (h) That the Registration Statement will have become effective under the 1933 Act, and no stop order suspending such effectiveness will have been instituted or, to the knowledge of Acquiring Fund, threatened by the Commission.

- (i) That Acquiring Fund will have received from the Commission, any relevant state securities administrator and the Department of Justice (the “Department”) such order or orders as Target Fund deems reasonably necessary or desirable under the 1933 Act, the 1934 Act, the 1940 Act and any applicable state securities or blue sky laws in connection with the transactions contemplated hereby, and that all such orders will be in full force and effect.
- (j) That all proceedings taken by Target Fund in connection with the transactions contemplated by this Agreement and all documents incidental thereto are satisfactory in form and substance to Acquiring Fund.
- (k) That, before the Exchange Date, Target Fund declares a dividend or dividends which, together with all previous distributions qualifying for the dividends-paid deduction, has the effect of distributing to the shareholders of Target Fund, in distributions qualifying for the dividends-paid deduction, (i) all of the excess of (X) Target Fund’s interest income excludable from gross income under Section 103 of the Code over (Y) Target Fund’s deductions disallowed under Sections 265 and 171 of the Code, (ii) all of Target Fund’s investment company taxable income (as defined in Section 852 of the Code), and (iii) all of Target Fund’s net capital gain realized after reduction by any capital loss carryover; the amounts in (i), (ii) and (iii) shall in each case be computed without regard to the dividends-paid deduction and shall include amounts in respect of both (x) Target Fund’s taxable year that will end on the Exchange Date and (y) any prior taxable year of Target Fund, to the extent such dividend or dividends are eligible to be treated as paid during such prior year under Section 855(a) of the Code.
- (l) That Target Fund’s custodian has delivered to Acquiring Fund a certificate identifying all of the assets of Target Fund held by such custodian as of the Valuation Time.
- (m) That Target Fund’s transfer agent has provided to Acquiring Fund (i) the originals or true copies of all of the records of Target Fund in the possession of such transfer agent as of the Exchange Date, (ii) a certificate setting forth the number of shares of Target Fund outstanding as of the Valuation Time, and (iii) the name and address of each holder of record of any such shares and the number of shares held of record by each such shareholder.
- (n) That all of the issued and outstanding shares of beneficial interest of Target Fund will have been offered for sale and sold in conformity with all applicable state securities or blue sky laws and, to the extent that any audit of the records of Target Fund or its transfer agent by Acquiring Fund or its agents will have revealed otherwise, either (i) Target Fund will have taken all actions that in the opinion of Acquiring Fund or its counsel are necessary to remedy any prior failure on the part of Target Fund to have offered for sale and sold such shares in conformity with such laws or (ii) Target Fund shall have furnished (or caused to be furnished) surety, or deposited (or caused to be deposited) assets in escrow, for the benefit of Acquiring Fund in amounts sufficient and upon terms satisfactory, in the opinion of Acquiring Fund or its counsel, to indemnify Acquiring Fund against any expense, loss, claim, damage or liability whatsoever that may be asserted or threatened by reason of such failure on the part of Target Fund to have offered and sold such shares in conformity with such laws.
- (o) That Target Fund will have executed and delivered to Acquiring Fund an instrument of transfer dated as of the Exchange Date pursuant to which Target Fund will assign, transfer and convey all of the assets and other property to Acquiring Fund at the Valuation Time in connection with the transactions contemplated by this Agreement.

9. Conditions to Target Fund’s obligations.

The obligations of Target Fund hereunder shall be subject to the following conditions:

- (a) That this Agreement is adopted and the transactions contemplated hereby are approved by the affirmative vote of (i) at least a majority of the Trustees of Target Fund (including a majority of those Trustees who are not “interested persons”, as defined in Section 2(a)(19) of the 1940 Act, of Target Fund); (ii) at least a majority of the Trustees of Acquiring Fund (including a majority of those Trustees who are not “interested persons”, as defined in Section 2(a)(19) of the 1940 Act, of Acquiring Fund); and (iii) at a duly constituted meeting, at least a majority of the outstanding shares of Target Fund, as defined in Section 2(a)(42) of the 1940 Act.
- (b) That Acquiring Fund will have furnished to Target Fund a statement of Acquiring Fund’s net assets, together with a list of portfolio holdings with values determined as provided in Section 4 of this Agreement, all as of the Valuation Time, certified on behalf of Acquiring Fund by AMG Funds’ President (or any Vice President) and Treasurer (or any Assistant or Deputy Treasurer), and a certificate of both such officers, dated the Exchange Date, to the effect that as of the Valuation Time and as of the Exchange Date there has been no material adverse change in the financial position of Acquiring Fund since June 30, 2020, other than changes in its portfolio securities since that date, changes in the market value of its portfolio securities, changes due to net redemptions or changes due to dividends paid or losses from operations.
- (c) That Acquiring Fund will have executed and delivered to Target Fund an Assumption of Liabilities dated as of the Exchange Date pursuant to which Acquiring Fund will assume all of the liabilities of Target Fund existing at the Valuation Time in connection with the transactions contemplated by this Agreement.

- (d) That Acquiring Fund will have furnished to Target Fund a statement, dated the Exchange Date, signed on behalf of Acquiring Fund by AMG Funds' President (or any Vice President) and Treasurer (or any Assistant or Deputy Treasurer) certifying that as of the Valuation Time and as of the Exchange Date all representations and warranties of Acquiring Fund made in this Agreement are true and correct in all material respects as if made at and as of such dates, and that Acquiring Fund has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to each of such dates.
- (e) That there is no material litigation pending or threatened with respect to the matters contemplated by this Agreement.
- (f) That Target Fund will have received an opinion of Ropes & Gray LLP, in form satisfactory to Target Fund and dated the Exchange Date, to the effect that (i) Acquiring Fund is a series of AMG Funds, a voluntary association with transferable shares validly existing under the laws of The Commonwealth of Massachusetts, (ii) this Agreement has been duly authorized, executed, and delivered by AMG Funds, on behalf of Acquiring Fund and, assuming that the Registration Statement, the Prospectus, and the Proxy Statement comply with the 1933 Act, the 1934 Act and the 1940 Act and assuming due authorization, execution and delivery of this Agreement by Target Fund, is a valid and binding obligation of AMG Funds, on behalf of Acquiring Fund subject to bankruptcy, insolvency, fraudulent transfers, moratorium and laws of general applicability relating to or affecting creditors' rights and to general equity principles, (iii) the Merger Shares to be delivered to Target Fund as provided for by this Agreement are duly authorized and upon such delivery will be validly issued and will be fully paid and nonassessable by Acquiring Fund, (iv) the execution and delivery of this Agreement did not, and the consummation of the transactions contemplated hereby will not, violate Acquiring Fund's Amended and Restated Agreement and Declaration of Trust, as amended, or Bylaws, it being understood that with respect to investment restrictions as contained in Acquiring Fund's Amended and Restated Agreement and Declaration of Trust or Bylaws, such counsel may rely upon a certificate of an officer of Acquiring Fund whose responsibility it is to advise Acquiring Fund with respect to such matters, (v) no consent, approval, authorization or order of any court or governmental authority is required for the consummation by Acquiring Fund of the transactions contemplated herein, except such as have been obtained under the 1933 Act, the 1934 Act and the 1940 Act, and (vi) to the knowledge of such counsel, and without any independent investigation, the Registration Statement has become effective under the 1933 Act, and, to the best of the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the 1933 Act.
- (g) That Target Fund will have received an opinion of Ropes & Gray LLP dated the Exchange Date (which opinion will be based upon certain factual representations and customary assumptions and subject to certain qualifications), in a form reasonably satisfactory to each of Target Fund and Acquiring Fund, substantially to the effect that, on the basis of the existing provisions of the Code, Treasury regulations promulgated thereunder, current administrative rules and court decisions, generally for U.S. federal income tax purposes:
 - (i) the acquisition by Acquiring Fund of all of the assets of Target Fund solely in exchange for Merger Shares and the assumption by Acquiring Fund of all the liabilities of Target Fund followed by the distribution by Target Fund to its shareholders of Merger Shares in complete liquidation of Target Fund, all pursuant to this Agreement, will constitute a "reorganization" within the meaning of Section 368(a)(1) of the Code, and Target Fund and Acquiring Fund will each be "a party to a reorganization" within the meaning of Section 368(b) of the Code,
 - (ii) under Sections 361 and 357 of the Code, Target Fund will not recognize gain or loss upon the transfer of all its assets to Acquiring Fund pursuant to this Agreement in exchange solely for Merger Shares and the assumption by Acquiring Fund of all the liabilities of Target Fund, or upon the distribution of Merger Shares by Target Fund to its shareholders in liquidation of Target Fund, except for (A) any gain or loss recognized on (1) "Section 1256 contracts" as defined in Section 1256(b) of the Code or (2) stock in a "passive foreign investment company" as defined in Section 1297(a) of the Code, and (B) any other gain or loss required to be recognized by reason of the Reorganization (1) as a result of the closing of the tax year of Target Fund, (2) upon the termination of a position, or (3) upon the transfer of an asset regardless of whether such a transfer would otherwise be a nontaxable transaction under the Code,
 - (iii) under Section 1032 of the Code, Acquiring Fund will not recognize gain or loss upon the receipt of the assets of Target Fund in exchange solely for Merger Shares and the assumption by Acquiring Fund of all the liabilities of Target Fund,
 - (iv) under Section 362(b) of the Code, Acquiring Fund's tax basis in the assets of Target Fund transferred to Acquiring Fund pursuant to this Agreement will be the same as Target Fund's tax basis in such assets immediately prior to the transfer, adjusted for any gain or loss required to be recognized as described in (ii) above,

- (v) under Section 1223(2) of the Code, Acquiring Fund's holding periods for the assets it receives from Target Fund pursuant to this Agreement, other than certain assets with respect to which gain or loss is required to be recognized as described in (ii) above, will include the periods during which such assets were held or treated for U.S. federal income tax purposes as being held by Target Fund,
 - (vi) under Section 354 of the Code, the Target Fund's shareholders will not recognize gain or loss upon the exchange of all of their shares of Target Fund for Merger Shares,
 - (vii) under Section 358 of the Code, the aggregate tax basis in the Merger Shares received by a Target Fund shareholder pursuant to this Agreement will be the same as the aggregate tax basis in the Target Fund shares exchanged therefor,
 - (viii) under Section 1223(1) of the Code, a Target Fund shareholder's holding period for the Merger Shares received pursuant to this Agreement will include the shareholder's holding period for the Target Fund shares exchanged therefor, provided the shareholder held those Target Fund shares as capital assets on the date of the exchange, and
 - (ix) Acquiring Fund will succeed to and take into account the items of Target Fund described in Section 381(c) of the Code, subject to the conditions and limitations specified in Sections 381, 382, 383 and 384 of the Code and the Treasury regulations thereunder.
- (h) That all proceedings taken by or on behalf of Acquiring Fund in connection with the transactions contemplated by this Agreement and all documents incidental thereto will be satisfactory in form and substance to Target Fund and Ropes & Gray LLP.
 - (i) That the Registration Statement is effective under the 1933 Act, and no stop order suspending such effectiveness will have been instituted or, to the knowledge of Acquiring Fund, threatened by the Commission.
 - (j) That Target Fund shall have received from the Commission, any relevant state securities administrator and the Department such order or orders as Ropes & Gray LLP deems reasonably necessary or desirable under the 1933 Act, the 1934 Act, the 1940 Act and any applicable state securities or blue sky laws in connection with the transactions contemplated hereby, and that all such orders shall be in full force and effect.
 - (k) AMG Funds shall have entered into a contractual expense cap agreement with the Adviser limiting expenses (exclusive of taxes, interest (including interest incurred in connection with bank and custody overdrafts and in connection with securities sold short), shareholder servicing fees, distribution and service (12b-1) fees, brokerage commissions and other transaction costs, dividends payable with respect to securities sold short, acquired fund fees and expenses, and extraordinary expenses) of Class N, Class I, and Class Z shares of Acquiring Fund to the annual rate of 0.82% of Acquiring Fund's average daily net assets through at least May 1, 2022, subject to later reimbursement by Acquiring Fund.

10. Indemnification.

- (a) Target Fund agrees to indemnify and hold harmless, out of the assets of Target Fund but no other assets, Acquiring Fund, its Trustees and its officers (for purposes of this subparagraph, the "Indemnified Parties") against any and all expenses, losses, claims, damages and liabilities at any time imposed upon or reasonably incurred by any one or more of the Indemnified Parties in connection with, arising out of, or resulting from any claim, action, suit or proceeding in which any one or more of the Indemnified Parties may be involved or with which any one or more of the Indemnified Parties may be threatened by reason of any untrue statement or alleged untrue statement of a material fact relating to Target Fund contained in the Registration Statement, the Prospectus, the Proxy Statement, or any amendment or supplement to any of the foregoing, or arising out of or based upon the omission or alleged omission to state in any of the foregoing a material fact relating to Target Fund required to be stated therein or necessary to make the statements relating to Target Fund therein not misleading, including, without limitation, any amounts paid by any one or more of the Indemnified Parties in a reasonable compromise or settlement of any such claim, action, suit or proceeding, or threatened claim, action, suit or proceeding made with the consent of Target Fund. The Indemnified Parties will notify Target Fund in writing within ten days after the receipt by any one or more of the Indemnified Parties of any notice of legal process or any suit brought against or claim made against such Indemnified Party as to any matters covered by this Section 10(a). Target Fund shall be entitled to participate at its own expense in the defense of any claim, action, suit or proceeding covered by this Section 10(a), or, if it so elects, to assume at its expense by counsel satisfactory to the Indemnified Parties the defense of any such claim, action, suit or proceeding, and if Target Fund elects to assume such defense, the Indemnified Parties shall be entitled to participate in the defense of any such claim, action, suit or proceeding at their expense. Target Fund's obligation under this Section 10(a) to indemnify and hold harmless the Indemnified Parties constitutes a guarantee of payment so that Target Fund will pay in the first instance any expenses,

losses, claims, damages and liabilities required to be paid by it under this Section 10(a) without the necessity of the Indemnified Parties' first paying the same.

- (b) Acquiring Fund agrees to indemnify and hold harmless, out of the assets of Acquiring Fund but no other assets, Target Fund, its Trustees and its officers (for purposes of this subparagraph, the "Indemnified Parties") against any and all expenses, losses, claims, damages and liabilities at any time imposed upon or reasonably incurred by any one or more of the Indemnified Parties in connection with, arising out of, or resulting from any claim, action, suit or proceeding in which any one or more of the Indemnified Parties may be involved or with which any one or more of the Indemnified Parties may be threatened by reason of any untrue statement or alleged untrue statement of a material fact relating to Acquiring Fund contained in the Registration Statement, the Prospectus, the Proxy Statement, or any amendment or supplement to any of the foregoing, or arising out of, or based upon, the omission or alleged omission to state in any of the foregoing a material fact relating to Acquiring Fund required to be stated therein or necessary to make the statements relating to Acquiring Fund therein not misleading, including without limitation any amounts paid by any one or more of the Indemnified Parties in a reasonable compromise or settlement of any such claim, action, suit or proceeding, or threatened claim, action, suit or proceeding made with the consent of Acquiring Fund. The Indemnified Parties will notify Acquiring Fund in writing within ten days after the receipt by any one or more of the Indemnified Parties of any notice of legal process or any suit brought against or claim made against such Indemnified Party as to any matters covered by this Section 10(b). Acquiring Fund shall be entitled to participate at its own expense in the defense of any claim, action, suit or proceeding covered by this Section 10(b), or, if it so elects, to assume at its expense by counsel satisfactory to the Indemnified Parties the defense of any such claim, action, suit or proceeding, and, if Acquiring Fund elects to assume such defense, the Indemnified Parties shall be entitled to participate in the defense of any such claim, action, suit or proceeding at their own expense. Acquiring Fund's obligation under this Section 10(b) to indemnify and hold harmless the Indemnified Parties constitutes a guarantee of payment so that Acquiring Fund will pay in the first instance any expenses, losses, claims, damages and liabilities required to be paid by it under this Section 10(b) without the necessity of the Indemnified Parties' first paying the same.

11. No broker, etc.

Each of Target Fund and Acquiring Fund represents that there is no person who has dealt with it who by reason of such dealings is entitled to any broker's or finder's or other similar fee or commission arising out of the transactions contemplated by this Agreement.

12. Termination.

AMG Funds III, on behalf of Target Fund, and AMG Funds, on behalf of the Acquiring Fund, may, by mutual consent of their Trustees, terminate this Agreement, and Target Fund or Acquiring Fund, after consultation with counsel and by consent of their Trustees or an officer authorized by such Trustees, may waive any condition to their respective obligations hereunder. If the transaction contemplated by this Agreement has not been substantially completed by October 8, 2022, this Agreement shall automatically terminate on that date unless a later date is agreed to by the Trusts, on behalf of their respective Funds.

13. Covenants, etc. deemed material.

All covenants, agreements, representations and warranties made under this Agreement and any certificates delivered pursuant to this Agreement shall be deemed to have been material and relied upon by each of the parties, notwithstanding any investigation made by them or on their behalf.

14. Amendments.

This Agreement may not be changed except by a letter of agreement signed by each party hereto, and shall be construed in accordance with and governed by the laws of The Commonwealth of Massachusetts.

15. Agreement and declaration of trust.

Copies of the Declaration of Trust, as amended, of AMG Funds III and the Amended and Restated Agreement and Declaration of Trust, as amended, of AMG Funds are on file with the Secretary of State of The Commonwealth of Massachusetts, and notice is hereby given that these instruments are executed by the Trustees or officers of each trust, respectively, as Trustees or officers and not individually and that the obligations of these instruments are not binding upon any of the Trustees, officers or shareholders of the either of the Trusts individually but are binding only upon the assets and property of Target Fund and Acquiring Fund, respectively.

This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original.

**AMG FUNDS III on behalf of AMG GW&K Mid
Cap Fund**

By: _____
Name: Thomas Disbrow
Title: Treasurer, Chief Financial Officer and Principal
Financial Officer

**AMG FUNDS on behalf of AMG GW&K
Small/Mid Cap Fund**

By: _____
Name: Thomas Disbrow
Title: Treasurer, Chief Financial Officer and
Principal Financial Officer

The undersigned is a party to this Agreement for
purposes of Section 5 only:

AMG FUNDS LLC

By: _____
Name: Keitha L. Kinne
Title: Chief Operating Officer

APPENDIX B

The Form of New Subadvisory Agreement has been included to provide investors with information regarding its terms. It is not intended to provide any factual information about the Target Fund. Accordingly, shareholders should not rely on the representations and warranties in the Form of New Subadvisory Agreement as characterizations of the actual state of facts at the time they were made or otherwise. In addition, the Form of New Subadvisory Agreement may be revised from that shown here prior to its execution, and may be amended after its execution. Should material changes be made to the Form of New Subadvisory Agreement, the Target Fund will take such steps as may be required by applicable law.

SUBADVISORY AGREEMENT

AGREEMENT made as of the [_____] day of ____, ____, between AMG FUNDS LLC, a limited liability company organized under the laws of the state of Delaware and having its principal place of business at 600 Steamboat Road, Suite 300, Greenwich, Connecticut 06830 (the “Adviser”) and GW&K INVESTMENT MANAGEMENT, LLC, a limited liability company organized under the laws of the State of Delaware and having its principal place of business at 222 Berkeley Street, Boston, Massachusetts 02116 (the “Subadviser”).

WHEREAS, the Adviser is engaged principally in the business of rendering investment management services and is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”); and

WHEREAS, the Subadviser is engaged principally in the business of rendering investment management services and is registered as an investment adviser under the Advisers Act; and

WHEREAS, AMG FUNDS III, a Massachusetts business trust (the “Trust”), engages in business as an open-end management investment company and is so registered under the Investment Company Act of 1940, as amended (the “1940 Act”); and

WHEREAS, the Trust is authorized to issue shares of beneficial interest in separate series, with each such series representing interests in a separate portfolio of securities and other assets; and

WHEREAS, the Trust offers shares in a series, AMG GW&K Mid Cap Fund (the “Fund”); and

WHEREAS, pursuant to a Fund Management Agreement, dated as of April 1, 1999, between the Trust and the Adviser, as amended (the “Advisory Agreement”), the Adviser is required to perform investment advisory services for the Fund.

NOW, THEREFORE, WITNESSETH: That it is hereby agreed between the parties hereto as follows:

1. APPOINTMENT OF SUBADVISER.

The Adviser hereby employs the Subadviser to provide investment advisory services to the Fund for the period and on the terms herein set forth. The Subadviser accepts such appointment and agrees to render the services herein set forth, for the compensation herein provided.

2. DUTIES OF ADVISER AND SUBADVISER.

(i) Delivery of Documents. The Adviser has furnished the Subadviser with true copies of each of the following:

(a) The Trust’s Declaration of Trust, as filed with the Secretary of State of The Commonwealth of Massachusetts and all amendments and supplements thereto (such Declaration

of Trust, as presently in effect and as it shall from time to time be amended or supplemented, is herein called the "Declaration");

(b) The Trust's By-Laws and amendments and supplements thereto (such By-Laws, as presently in effect and as it shall from time to time be amended and supplemented, is herein called the "By-Laws");

(c) Resolutions of the Trust's Board of Trustees authorizing the appointment of the Adviser and Subadviser and approving the Advisory Agreement and this Agreement and copies of the minutes of the initial meeting of shareholders of the Fund;

(d) The Trust's Registration Statement and each Post-Effective Amendment thereto on Form N-1A under the Securities Act of 1933 as amended (the "1933 Act") and the 1940 Act (File Nos. 002-84012 and 811-03752) with respect to the Fund as filed with the Securities and Exchange Commission and all amendments thereto (the "Registration Statement");

(e) The most recent prospectus (such prospectus, as in effect from time to time and all amendments and supplements thereto are herein called a "Prospectus") of the Fund;

(f) All resolutions of the Board of Trustees of the Trust pertaining to the objectives, investment policies and investment restrictions of the Fund; and

(g) Copies of the executed Advisory Agreement between the Trust and the Adviser relating to the Fund.

The Adviser will furnish the Subadviser from time to time with copies of all amendments of or supplements to items (a), (b), (c), (d), (e), (f), and (g) to the extent such amendments or supplements relate to or affect the obligations of the Subadviser hereunder with respect to the Fund.

(ii) The Subadviser, at its own expense, shall furnish the following services to the Trust with respect to the Fund:

(a) Investment Program. The Subadviser is hereby authorized and directed and hereby agrees, subject to the stated investment objective and policies of the Fund as set forth in the Trust's current Registration Statement and subject to the supervision of the Adviser and the Board of Trustees of the Trust, to (i) develop and furnish continuously an investment program and strategy for the Fund in compliance with the Fund's investment objective and policies as set forth in the Trust's current Registration Statement, (ii) provide research and analysis relative to the investment program and investments of the Fund, (iii) determine (subject to the overall supervision of the Board of Trustees of the Trust) what investments shall be purchased, held, sold or exchanged by the Fund and what portion, if any, of the assets of the Fund shall be held in cash or cash equivalents, and (iv) make changes on behalf of the Trust in the investments of the Fund. In accordance with paragraph 2(ii)(b), the Subadviser shall arrange for the placing of all orders for the purchase and sale of securities and other investments for the Fund's account and will exercise full discretion and act for the Trust in the same manner and with the same force and effect as the Trust might or could do with respect to such purchases, sales or other transactions, as well as with respect to all other things necessary or incidental to the furtherance or conduct of such purchases, sales or transactions. The Subadviser will make its officers and employees available to meet with the Adviser's officers and directors on due notice at reasonable times to review the investments and investment program of the Fund in light of current and prospective economic and market conditions. The Subadviser is authorized on behalf of the Fund to enter into agreements and execute any documents required to make investments pursuant to the Prospectus as may be amended from time to time. The Subadviser's responsibility for providing portfolio management services hereunder shall be limited to only those assets of the Fund which the Adviser determines to allocate to the Subadviser (those assets being referred to as the "Fund Account"), and the Subadviser agrees that it shall not consult with any investment advisor(s) (within the meaning of

the 1940 Act) to the Fund or any other registered investment company or portfolio series thereof under common control with the Fund concerning transactions for the Fund Account in securities or other assets such that the exemptions under Rule 10f-3, Rule 12d-3 and/or Rule 17a-10 under the 1940 Act would not be available with respect to the Fund.

The Subadviser shall exercise voting authority with respect to proxies that the Fund is entitled to vote by virtue of the ownership of assets attributable to that portion of the Fund for which the Subadviser has investment management responsibility; provided that the exercise of such authority shall be subject to periodic review by the Adviser and the Trustees of the Trust; provided, further that such authority may be revoked in whole or in part by the Adviser if required by applicable law. The Subadviser shall exercise its proxy voting authority hereunder in accordance with such proxy voting policies and procedures as the Trust may designate from time to time. The Subadviser shall provide such information relating to its exercise of proxy voting authority hereunder (including the manner in which it has voted proxies and its resolution of conflicts of interest) as reasonably requested by the Adviser from time to time.

In the performance of its duties hereunder, the Subadviser is and shall be an independent contractor and except as expressly provided for herein or otherwise expressly provided or authorized shall have no authority to act for or represent the Fund or the Trust in any way or otherwise be deemed to be an agent of the Fund, the Trust or of the Adviser. If any occasion should arise in which the Subadviser gives any advice to its clients concerning the shares of a Fund, the Subadviser will act solely as investment counsel for such clients and not in any way on behalf of the Trust or the Fund.

(b) Portfolio Transactions. In connection with the management of the investment and reinvestment of the Fund, the Subadviser, acting by its own officers, directors or employees or by a duly authorized subcontractor, is authorized to select the broker or dealers that will execute purchase and sale transactions for the Trust.

In executing portfolio transactions and selecting brokers or dealers, if any, the Subadviser will use its best efforts to seek on behalf of the Fund the best overall terms available. In assessing the best overall terms available for any transaction, the Subadviser shall consider all factors it deems relevant, including the breadth of the market in and the price of the security, the financial condition and execution capability of the broker or dealer, and the reasonableness of the commission, if any, with respect to the specific transaction and on a continuing basis. In evaluating the best overall terms available, and in selecting the broker or dealer, if any, to execute a particular transaction, the Subadviser may also consider the brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934) provided to the Subadviser with respect to the Fund and/or other accounts over which the Subadviser exercises investment discretion. The Subadviser may pay to a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction if, but only if, the Subadviser determines in good faith that such commission was reasonable in relation to the value of the brokerage and research services provided.

The Subadviser may buy securities for the Fund at the same time it is selling such securities for another client account and may sell securities for the Fund at the time it is buying such securities for another client account. In such cases, subject to applicable legal and regulatory requirements, and in compliance with such procedures of the Trust as may be in effect from time to time, the Subadviser may effectuate cross transactions between the Fund and such other account if it deems this to be advantageous. The Subadviser also may cause the Fund to enter into other types of investment transactions (e.g., a long position on a particular securities index) at the same time it is causing other client accounts to take opposite economic positions (e.g., a short position on the same index).

On occasions when the Subadviser deems the purchase or sale of a security to be in the best interest of the Fund as well as other clients, the Subadviser, to the extent permitted by applicable laws and regulations, and in compliance with such procedures of the Trust as may be in

effect from time to time, may aggregate the securities to be sold or purchased in order to obtain the best execution and lower brokerage commissions, if any. In such event, allocation of the securities so purchased or sold, as well as the expenses incurred in the transaction, will be made by the Subadviser in the manner it considers to be the most equitable and consistent with its fiduciary obligations to the Fund and to such clients.

The Subadviser will advise the Fund's custodian or such depository or agents as may be designated by the custodian and the Adviser promptly of each purchase and sale of a portfolio security, specifying the name of the issuer, the description and amount or number of shares of the security purchased, the market price, the commission and gross or net price, the trade date and settlement date and the identity of the effecting broker or dealer. The Subadviser shall not have possession or custody of any Fund investments. The Trust shall be responsible for all custodial agreements and the payment of all custodial charges and fees and, upon the Subadviser giving proper instructions to the custodian, the Subadviser shall have no responsibility or liability for the acts, omissions or other conduct of the custodian.

The Subadviser shall, upon due notice from the Adviser, provide such periodic and special reports describing any such research, advice or other services received and the incremental commissions, net price or other consideration to which they relate.

Notwithstanding the foregoing, the Subadviser agrees that the Adviser shall have the right by written notice to identify securities that may not be purchased on behalf of the Fund and/or brokers and dealers through which portfolio transaction on behalf of the Fund may not be effected, including, without limitation, brokers or dealers affiliated with the Adviser. The Subadviser shall refrain from purchasing such securities for the Fund or directing any portfolio transaction to any such broker or dealer on behalf of the Fund, unless and until the written approval of the Adviser to do so is obtained, but the Subadviser shall not be liable to the Fund for so acting. In addition, the Subadviser agrees that it shall not direct portfolio transactions for the Fund through any broker or dealer that is an "affiliated person" of the Subadviser (as that term is defined in the 1940 Act or interpreted under applicable rules and regulations of the Securities and Exchange Commission) without the prior written approval of the Adviser, which shall not be unreasonably withheld. The Adviser agrees that it will provide the Subadviser with a list of brokers and dealers that are "affiliated persons" of the Fund.

(c) Reports. The Subadviser shall render to the Board of Trustees of the Trust such periodic and special reports as the Board of Trustees may request with respect to matters relating to the duties of the Subadviser set forth herein.

(iii) Notwithstanding anything to the contrary in this Agreement, the Subadviser shall have the right to engage a third-party for purposes of providing proxy advisory and/or voting services.

3. SUBADVISORY FEE.

For the services to be provided by the Subadviser as provided in Paragraph 2 hereof, the Adviser shall pay to the Subadviser an annual fee as set forth on Schedule A to this Agreement.

In the case of commencement or termination of this Agreement with respect to the Fund during any calendar month, the fee with respect to the Fund for that month shall be reduced proportionately based upon the number of calendar days during which it is in effect, and the fee shall be computed during the average daily net assets of the Fund for the days during which it is in effect.

4. EXPENSES.

During the term of this Agreement, the Subadviser will bear all expenses incurred by it in the performance of its duties hereunder, other than those expenses specifically assumed by the Trust hereunder. Subject to any expense limitation agreement as in effect from time to time with respect to the Fund, the Trust shall assume and shall pay (i) issue and transfer taxes chargeable to the Trust in connection with securities transactions to which the Fund is a party, and (ii) interest on borrowed money, if any. In addition to these expenses, the Trust shall pay all brokers' and underwriting commissions chargeable to the Trust in connection with the securities transactions to which the Fund is a party.

5. COMPLIANCE WITH APPLICABLE REGULATIONS.

In performing its duties hereunder, the Subadviser

(i) shall establish compliance procedures (copies of which shall be provided to the Adviser, and shall be subject to review and approval by the Adviser) reasonably calculated to ensure compliance at all times with: all applicable provisions of the 1940 Act and the Advisers Act, and any rules and regulations adopted thereunder; Subchapter M of the Internal Revenue Code of 1986, as amended; the provisions of the Registration Statement; the provisions of the Declaration and the By-Laws of the Trust, as the same may be amended from time to time; and any other applicable provisions of state, federal or foreign law.

(ii) acknowledges that the Trust has adopted a written code of ethics complying with the requirements of Rule 17j-1 under the 1940 Act and that the Subadviser and certain of its employees, officers and directors may be subject to reporting requirements thereunder and, accordingly, agrees that it shall, on a timely basis, furnish, and shall cause its employees, officers and directors to furnish, to the Adviser and/or to the Trust, all reports and information required to be provided under such code of ethics with respect to such persons.

(iii) agrees that it will maintain for the Trust all and only such records as required under Rules 31a-1 and 31a-2 under the 1940 Act in respect to its services hereunder and that such records are the property of the Trust and further agrees to surrender promptly to the Trust any such records upon the Trust's request all in accordance with Rule 31a-3 under the 1940 Act.

6. LIABILITY OF SUBADVISER; INDEMNIFICATION.

Neither the Subadviser nor the officers, directors, employees, agents, or legal representatives (collectively, "Related Persons") of the Subadviser shall be liable for any error of judgment or mistake of law, or for any loss suffered by the Fund or its shareholders in connection with the matters to which this Agreement relates; provided that, except as set forth in the succeeding paragraph, no provision of this Agreement shall be deemed to protect the Subadviser or its Related Persons against any liability to which it might otherwise be subject by reason of any willful misfeasance, bad faith or negligence or the reckless disregard of the Subadviser's obligations and duties (each of which is hereby referred to as a "Culpable Act") under this Agreement.

Neither the Subadviser nor its Related Persons shall be liable for any error of judgment or mistake of law, or for any loss suffered by the Adviser or its Related Persons in connection with the matters to which this Agreement relates; provided that this provision shall not be deemed to protect the Subadviser or its Related Persons against any liability to which it might otherwise be subject by reason of any Culpable Act by the Subadviser or its Related Persons.

The Adviser shall indemnify the Subadviser and its Related Persons and hold them harmless from and against any and all actions, suits or claims whether groundless or meritorious and from and against any and all losses, damages, costs, charges, reasonable counsel fees, payments, expenses and liabilities (collectively, "Damages") arising directly or indirectly out of or in connection with the performance of services by the Subadviser or its Related Persons hereunder to the extent such Damages result from any Culpable Act of the Adviser or any Related Person of the Adviser.

The Subadviser shall indemnify the Adviser and its Related Persons from and against any Damages arising directly or indirectly out of or in connection with the performance of services by the Adviser or its Related Persons under this Agreement or the Advisory Agreement, in each case, to the extent such Damages result from any Culpable Act of the Subadviser or any of its Related Persons.

7. REPRESENTATIONS AND WARRANTIES.

(a) Adviser. The Adviser represents and warrants to the Subadviser that (i) the retention of the Subadviser by the Adviser as contemplated by this Agreement is authorized by the respective governing documents of the Trust and the Adviser; (ii) the execution, delivery and performance of each of this Agreement and the Advisory Agreement does not violate any obligation by which the Trust or the Adviser or their respective property is bound, whether arising by contract, operation of law or otherwise; and (iii) each of this Agreement and the Advisory Agreement has been duly authorized by appropriate action of the Trust and the Adviser and when executed and delivered by the Adviser will be the legal, valid and binding obligation of the Trust and the Adviser, enforceable against the Trust and Adviser in accordance with its terms hereof subject, as to enforcement, to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general equitable principles (regardless of whether enforcement is sought in a proceeding in equity or law).

(b) Subadviser. The Subadviser represents and warrants to the Adviser that (i) the retention of the Subadviser by the Adviser as contemplated by this Agreement is authorized by the Subadviser's governing documents; (ii) the execution, delivery and performance of this Agreement does not violate any obligation by which the Subadviser or its property is bound, whether arising by contract, operation of law or otherwise; and (iii) this Agreement has been duly authorized by appropriate action of the Subadviser and when executed and delivered by the Subadviser will be the legal, valid and binding obligation of the Subadviser, enforceable against the Subadviser in accordance with its terms hereof, subject, as to enforcement, to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general equitable principles (regardless of whether enforcement is sought in a proceeding in equity or law).

8. DURATION AND TERMINATION OF THIS AGREEMENT.

(a) Duration. This Agreement shall become effective with respect to the Fund on [_____] (the "Effective Date"). Unless terminated as herein provided, this Agreement shall remain in full force and effect for two years from the Effective Date. Subsequent to such initial periods of effectiveness, this Agreement shall continue in full force and effect for periods of one year thereafter with respect to the Fund so long as such continuance with respect to the Fund is approved at least annually (a) by either the Trustees of the Trust or by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund, and (b) in either event, by the vote of a majority of the Trustees of the Trust who are not parties to this Agreement or "interested persons" (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such approval to the extent required by applicable law.

(b) Amendment. This Agreement may be amended by agreement of the parties, provided that the amendment shall be approved both by the vote of a majority of the Trustees of the Trust, including a majority of the Trustees who are not parties to this Agreement or interested persons of any such party to this Agreement cast in person at a meeting called for that purpose to the extent required by applicable law, and, to the extent required by the 1940 Act, by the holders of a majority of the outstanding voting securities of the Trust in the manner required by the 1940 Act.

(c) Termination. This Agreement may be terminated with respect to the Fund at any time, without payment of any penalty, (i) by vote of the Trustees of the Trust or by vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund, (ii) by the Adviser, or (iii) by the Subadviser, in each case on sixty (60) days' prior written notice to the other party. Upon the effective date of termination of this Agreement, the Subadviser shall deliver all books and records of the Trust or the Fund held by it (i) to such entity as the Trust may designate as a successor, or (ii) to the Adviser.

(d) Automatic Termination. This Agreement shall automatically and immediately terminate in the event of its assignment (as defined in the 1940 Act). The Subadviser shall notify the Trust in writing sufficiently in advance of any proposed change of control, as defined in Section 2(a)(9) of the 1940 Act, as will

enable the Trust to consider whether an assignment under the 1940 Act will occur, and to take the steps necessary to enter into a new contract with the Subadviser or such other steps as the Trustees of the Trust may deem appropriate.

(e) Approval, Amendment or Termination by Individual Fund. Any approval, amendment or termination of this Agreement by the holders of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund shall be effective to continue, amend or terminate this Agreement with respect to any such Fund notwithstanding (i) that such action has not been approved by the holders of a majority of the outstanding voting securities of any other Fund affected thereby, and (ii) that such action has not been approved by the vote of a majority of the outstanding voting securities of the Trust, unless such action shall be required by any applicable law or otherwise.

9. SERVICES NOT EXCLUSIVE.

The services of the Subadviser to the Adviser in connection with the Fund hereunder are not to be deemed exclusive, and the Subadviser shall be free to render similar services to others so long as its services hereunder are not impaired thereby. It is understood that the persons employed by the Subadviser to assist in the performance of its duties hereunder will not devote their full time to such services and nothing hereunder contained shall be deemed to limit or restrict the right of the Subadviser to engage in or devote time and attention to other businesses or to render services of whatever kind or nature.

10. RESERVATION OF NAME.

The parties hereby acknowledge that AMG Funds LLC has reserved the right to grant the nonexclusive use of the name "AMG" or "AMG Funds" or any derivative thereof to any other investment company, investment adviser, distributor or other business enterprise, and to withdraw from the Trust the use of the name "AMG" or "AMG Funds." The name "AMG" or "AMG Funds" will continue to be used by the Trust so long as such use is mutually agreeable to AMG Funds LLC and the Trust. The Subadviser and the Trust acknowledge that the Trust shall cease using the name "AMG" or "AMG Funds" as a part of the Trust's name and that the Subadviser, the Trust or the Fund, or any of their affiliates, shall not promote the Trust or the Fund or conduct the business of the Trust or the Fund in any way in such name if this Agreement is terminated for any reason and the Adviser does not expressly consent in writing to such use of the name "AMG" or "AMG Funds." Future names adopted by the Trust for itself or the Fund, insofar as such names include identifying words requiring the consent of the Adviser, shall be the property of the Adviser and shall be subject to the same terms and conditions. Notwithstanding the above, AMG Funds LLC consents to the use of its name, including in connection with the name of the Trust or the Fund, in a representative client list in connection with the completion of marketing materials.

11. CONFIDENTIALITY.

The Subadviser shall treat as confidential all information pertaining to the Fund and actions of the Fund, the Adviser and the Subadviser, provided that it may disclose such information to those third parties required to carry out its duties hereunder, and the Adviser shall treat as confidential all information furnished to the Fund or the Adviser by the Subadviser in connection with its duties under the Agreement, provided that it may disclose such information to those third parties required to carry out its duties hereunder (collectively, the "Confidential Information"). The term "Confidential Information" will not include information which (i) is or becomes publicly available other than as a result of a disclosure by a receiving party in violation of this Agreement, (ii) is or becomes available to a receiving party on a nonconfidential basis from a source which, to the best knowledge of the receiving party after reasonable inquiry, is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation to the other, or (iii) is independently developed without reference to or reliance on the Confidential Information.

In the event that a party is requested pursuant to, or required by, applicable law, regulation or legal process to disclose any of the Confidential Information, such party will promptly notify the disclosing party so that it may seek a protective order or other appropriate remedy or, in its sole discretion, waive compliance with the terms of this Agreement. In the event that no such protective order or other remedy is obtained, or a party does not waive compliance with the terms of this Agreement, a party will furnish only that portion of the Confidential Information

which it is advised by counsel is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.

12. MISCELLANEOUS.

(a) Notices. All notices or other communications given under this Agreement shall be made by guaranteed overnight delivery, telecopy or certified mail; notice is effective when received. Notice shall be given to the parties at the following addresses:

The Adviser: AMG Funds LLC
600 Steamboat Road, Suite 300
Greenwich, Connecticut 06830
Facsimile No.:
Attention: Legal and Compliance Department

Subadviser: GW&K Investment Management, LLC
222 Berkeley Street
Boston, Massachusetts 02116
Facsimile No.:
Attention: Compliance Officer

(b) Severability. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder shall not be thereby affected.

(c) Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts.

(d) Counterparties. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) Entire Agreement. This Agreement states the entire agreement of the parties hereto, and is intended to be the complete and exclusive statement of the terms hereof. It may not be added to or changed orally, and may not be modified or rescinded except by a writing signed by the parties hereto and in accordance with the 1940 Act, when applicable.

IN WITNESS WHEREOF, the Adviser and the Subadviser have caused this Agreement to be executed as of the date first set forth above.

AMG FUNDS LLC

By: _____
Name:
Title:

GW&K INVESTMENT MANAGEMENT, LLC

By: _____
Name:
Title:

Acknowledged and agreed to as of the date first set forth above with respect to the Trust's obligations under this Agreement.

AMG FUNDS III

By: _____
Name:
Title:

SCHEDULE A

AMG GW&K Mid Cap Fund

For services provided to the Fund Account, the Adviser will pay a base monthly fee for each calendar month at an annual rate of 0.275% of the average net assets in the Fund Account during the month. Average assets shall be determined using the average daily net assets in the Fund Account during the month. The fee shall be pro-rated for any calendar month during which the contract is in effect for only a portion of the month. The fee shall be reduced by an amount equal to 50% of the sum of: (i) any investment management fees waived by the Adviser pursuant to an expense limitation or reimbursement agreement with the Fund, (ii) any reimbursement of Fund expenses by the Adviser pursuant to an expense limitation or reimbursement agreement with the Fund, and (iii) any payments made by the Adviser to third parties that provide distribution, shareholder services or similar services on behalf of the Fund. If the foregoing calculation results in a negative amount, such amount shall be payable by the Subadviser to the Adviser within 30 days of receipt of notice from the Adviser, which notice shall include the basis for the calculation.