

# ANNUAL REPORT

## Managers AMG Funds

December 31, 2009



**TimesSquare Small Cap Growth Fund**

**TimesSquare Mid Cap Growth Fund**



**Managers**  
INVESTMENT GROUP



# TimesSquare Small Cap Growth Fund, TimesSquare Mid Cap Growth Fund

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Annual Report—December 31, 2009

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Nothing contained herein is to be considered an offer, sale or solicitation of an offer to buy shares of any series of the Managers Family of Funds. Such offering is made only by Prospectus, which includes details as to offering price and other material information.

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## About Your Fund's Expenses

As a shareholder of a Fund, you may incur two types of costs: (1) transaction costs, which may include sales charges (loads) on purchase payments; redemption fees; and exchange fees; and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on \$1,000 invested at the beginning of the period and held for the entire period as indicated below.

### Actual Expenses

The first line of the following table provides information about the actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### Hypothetical Example for Comparison Purposes

The second line of the following table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed annual rate of return of 5% before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

Six Months Ended December 31, 2009	Expense Ratio for the Period	Beginning Account Value 7/1/2009	Ending Account Value 12/31/2009	Expenses Paid During the Period*
<b>TimesSquare Small Cap Growth Fund</b>				
<b>Institutional Class Shares</b>				
Based on Actual Fund Return	1.05%	\$1,000	\$1,237	\$5.92
Based on Hypothetical 5% Annual Return	1.05%	\$1,000	\$1,020	\$5.35
<b>Premier Class Shares</b>				
Based on Actual Fund Return	1.15%	\$1,000	\$1,236	\$6.48
Based on Hypothetical 5% Annual Return	1.15%	\$1,000	\$1,019	\$5.85
<b>TimesSquare Mid Cap Growth Fund</b>				
<b>Institutional Class Shares</b>				
Based on Actual Fund Return	1.11%	\$1,000	\$1,240	\$6.27
Based on Hypothetical 5% Annual Return	1.11%	\$1,000	\$1,020	\$5.65
<b>Premier Class Shares</b>				
Based on Actual Fund Return	1.31%	\$1,000	\$1,237	\$7.39
Based on Hypothetical 5% Annual Return	1.31%	\$1,000	\$1,019	\$6.67

\* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (184), then divided by 365.

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## TimesSquare Small Cap Growth Fund

### Investment Manager's Comments

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The TimesSquare Small Cap Growth Fund (the "Fund") seeks to achieve long-term capital appreciation by investing primarily in the stocks of small-capitalization companies.

#### **The Portfolio Manager**

TimesSquare Capital Management, LLC ("TimesSquare"), the Fund's subadvisor, utilizes a bottom-up fundamental approach to small-cap investing. Led by co-managers Grant Babyak and Ken Duca, the investment team at TimesSquare believes its proprietary fundamental research skills, which place a particular emphasis on the assessment of management quality and an in-depth understanding of superior business models, enable the team to build a diversified portfolio of small-cap growth stocks designed to generate good risk-adjusted returns. When selecting small-cap growth stocks, Fund management utilizes a fundamental, bottom-up process to identify companies that demonstrate consistent and sustainable revenue and earnings growth, offer distinct and sustainable competitive advantages, have strong, experienced management teams, have stocks selling at reasonable valuations, and that Fund management believes have the potential to appreciate in price by 25 to 50% within the next 12 to 18 months.

#### **The Year in Review**

For the year ended December 31, 2009, the Fund's Institutional Class returned 35.72%, while its benchmark, the Russell 2000® Growth Index (the "Index"), returned 34.47%.

The sheer climb of the U.S. equity markets in 2009 nearly mirrored their precipitous drop in 2008. From its lowest point in March, the broad market rebounded 70% to end the year up nearly 30%. After 2008's decline of -37%, investors may think that all has recovered; however, the various equity market size and style segments were still between -5% and -10% below their levels from three years prior.

One needed to look only at the status of the financial system and the levels of the government's economic intervention by the numbers to see that the healing was far from complete. During 2009, there were 140 bank failures compared with 26 in 2008 and 3 in 2007. Interest rates remained targeted from 0.00% to 0.25% throughout the year with the Federal Reserve's announcement on December 16<sup>th</sup> that economic conditions warranted "exceptionally low levels of the federal funds rate for an extended period." Since the beginning of the downturn, the U.S. government authorized nearly \$1.5 trillion of spending to mend and support the economy. This included TARP's purchase of \$700 billion in "toxic assets"

from the balance sheets of financial firms, a \$787 billion economic stimulus package, and a \$3 billion "cash for clunkers" program to spur stagnant auto sales. Perhaps the most important number at year end was 10%, which was the level of unemployment, up from 7% a year earlier.

Still, the fourth quarter of 2009 showed some optimistic signs. The Fed began to scale back some of its emergency activities with the view that "economic activity has continued to pick up and that the deterioration in the labor market is abating." In December, the real GDP estimate for the third quarter was revised downward, but it remained in positive territory at 2.2%, the first GDP gain since the second quarter of 2008.

Also heartening was the tenor of the positive fourth quarter returns in the U.S. equity market. When the market snapped back in March, it was led by stocks with lower quality (as defined by ROE quintile), lower prices, and smaller market capitalizations within each segment. On balance, those were the strongest areas for the year; however, in the fourth quarter, it was the reverse with higher-quality and larger stocks being rewarded. For the year, growth outpaced value.

The Fund had strong absolute and relative performance, outperforming the Russell 2000® Growth benchmark for the year. Early in the year, performance was ahead of the benchmark, and then it lagged during the low-quality rally from March to May, which was in line with the benchmark in the third quarter, and ended the year strongly. Overall, strength in the health care, energy, and information technology sectors boosted the Fund. Conversely, our positioning in the consumer discretionary sector detracted from results.

For most of the year there was debate over the shape of potential health care reform, which weighed on many stocks in that sector. During the second half of the year, concerns over a potential government-run public option dissipated. That provided a lift to our managed health care companies, such as WellCare Health Plans. WellCare also benefited when a Medicare sanction was lifted toward the end of the year, which enabled it to begin enrolling new members into their Medicare Advantage and Medicare prescription drug plans. Its stock price climbed 186% for the year. In a different health care segment, dental equipment supplier Align Technology sparkled with a 104% gain. The company's results were strong, propelled by improving utilization rates by dentists and sales growth for its "Invisalign Teen" line of clear braces. MedAssets climbed 45%, benefiting from an increased focus by hospitals to improve

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## TimesSquare Small Cap Growth Fund

Investment Manager's Comments (continued)

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cash flow and reduce supply costs. MedAssets experienced especially strong results when in the second quarter it reported that the prior quarter's bookings were the highest in the company's history for its Revenue Cycle and Spend Management systems.

On balance, our energy holdings performed well. NATCO Group appreciated 185% during the year, primarily following the June announcement that the company will be acquired by Cameron International. NATCO is a leading provider of equipment, systems, and services used in the production of oil and natural gas. Also, two of our exploration and production companies posted strong growth and increased their forward outlooks. Arena Resources and Concho Resources, both with oil assets primarily in the Permian Basin of western Texas and eastern New Mexico, were up 54% and 97%, respectively.

Within the financially-oriented segment, strong stock selection offset the negative effects of an overweight allocation. Global Payments reported revenues for its most recent two fiscal quarters above expectations, with strong free cash flow generation. Later in the year, it announced the divestiture of its non-core money transfer business, which provided capital that could be used for better, more strategic acquisitions. The end result for this payment processor was a 65% stock return. Fleet card service company Wright Express benefited from the increase in oil prices and economic activity. Its stock price was up roughly 153%. The investment banking boutique firm Evercore Partners benefited early in the year from an uptick in M&A activity as well as a shakeout among large investment banks. Later in the year, Evercore reported earnings above expectations, driven by strong advisory revenues. It ended the year up 150%.

One of the few areas of weakness was the consumer discretionary sector. Two travel-related companies were caught in the economic downdraft early in the year and we sold those positions. While we held them, the stocks of Gaylord Entertainment and Orient-Express Hotels experienced drops of -26% and -48%, respectively, on the

bleak outlooks for Gaylord's future convention bookings and Orient-Express's luxury hotel properties. A segment that was challenged for most of the year was the for-profit education industry. Our holding in Corinthian Colleges was off -16% for the year. Congressional hearings weighed on the industry along with the announcement of an SEC inquiry related to a different for-profit education company.

### Looking Forward

As investors, we are continually reminded how quickly the markets can turn and how important a disciplined approach is to active management; the last 24 months were certainly an example of that. Despite a somewhat challenging 2009 due to the low-quality rally, we are optimistic about the market's return to rewarding quality investments in 2010 as we have witnessed signs of the end of the low-quality run in the fourth quarter. TimesSquare was able to weather 2009 without any staff cutbacks, and we are grateful for the positive cash flows from existing clients and several new ones. The equity market's recent rise may serve as the traditional leading indicator of economic growth, but regardless, we remain focused on balancing the investment rewards and risks with our bottom-up investment process. We appreciate your trust in our ability to manage your portfolio, and we look forward to working with you in the new year.

### Cumulative Total Return Performance

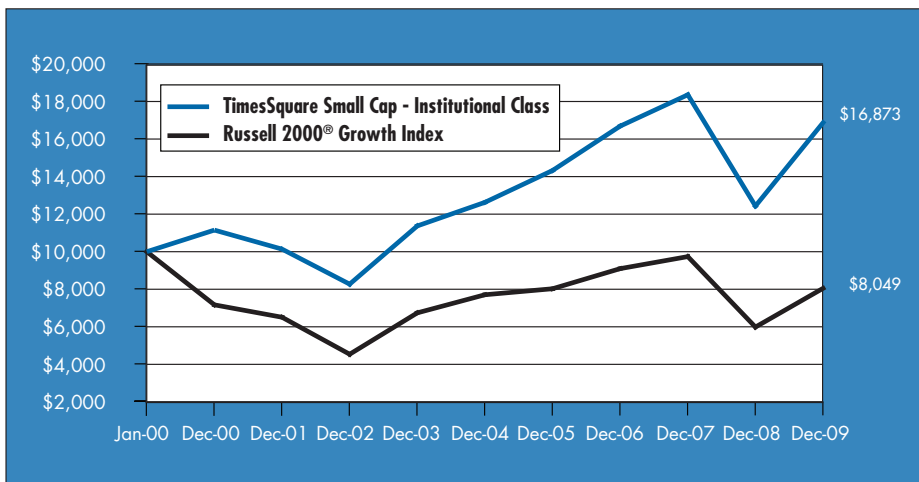
TimesSquare Small Cap Growth Fund's cumulative total return is based on the daily change in net asset value (NAV), and assumes that all distributions were reinvested. The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. Unlike the Fund, the above stated index is unmanaged, is not available for investment, and does not incur expenses. The chart compares a hypothetical \$10,000 investment made in the Fund on January 21, 2000 (commencement of operations) to a \$10,000 investment made in the Russell 2000® Growth Index for the same

# TimesSquare Small Cap Growth Fund

Investment Manager's Comments (continued)

## Cumulative Total Return Performance (continued)

time periods. Performance for periods longer than one year is annualized. Figures include reinvestment of capital gains and dividends. The listed returns for the Fund are net of expenses and the returns for the indices exclude expenses. Total returns for the Fund would have been lower had certain expenses not been reduced.



The table below shows the average annualized total returns for the TimesSquare Small Cap Growth Fund and the Russell 2000® Growth Index since inception through December 31, 2009.

Average Annual Total Returns <sup>1</sup>	One Year	Five Years	Since Inception	Inception Date
<b>TimesSquare Small Cap Growth Fund<sup>2,3</sup></b>				
Institutional Class	35.72%	5.97%	5.40%	01/21/00
Premier Class	35.52%	5.86%	5.27%	01/21/00
Russell 2000® Growth Index <sup>4</sup>	34.47%	0.87%	(2.16)%	

*The performance data shown represents past performance. Past performance is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance information through the most recent month end please call (800) 835-3879 or visit our Web site at [www.managersinvest.com](http://www.managersinvest.com).*

In choosing a Fund, investors should carefully consider the amount they plan to invest, their investment objectives, the Fund's investment objectives, risks, charges and expenses before investing. For this and other information, please call (800) 835-3879 or visit [www.managersinvest.com](http://www.managersinvest.com) for a free prospectus. Read it carefully before investing or sending money. Distributed by Managers Distributors, Inc., member FINRA.

<sup>1</sup> Total return equals income yield plus share price change and assumes reinvestment of all dividends and capital gain distributions. Returns are net of fees and may reflect offsets of Fund expenses as described in the Prospectus. No adjustment has been made for taxes payable by shareholders on their reinvested dividends and capital gain distributions. Returns for periods greater than one year are annualized. The listed returns on the Fund are net of expenses and based on the published NAV as of December 31, 2009. All returns are in U.S. dollars (\$).

<sup>2</sup> The Fund is subject to risks associated with investments in small capitalization companies, such as erratic earnings patterns, competitive conditions, limited earnings history, and a reliance on one or a limited number of products.

<sup>3</sup> The Fund invests in growth stocks, which may be more sensitive to market movements because their prices tend to reflect future investor expectations rather than just current profits. Growth stocks may underperform value stocks during given periods.

<sup>4</sup> The Russell 2000® Growth Index is a market capitalization-weighted index that measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth rates.

The Russell 2000® Growth Index is a registered trademark of Russell Investments. Russell 2000® is a trademark of Russell Investments.

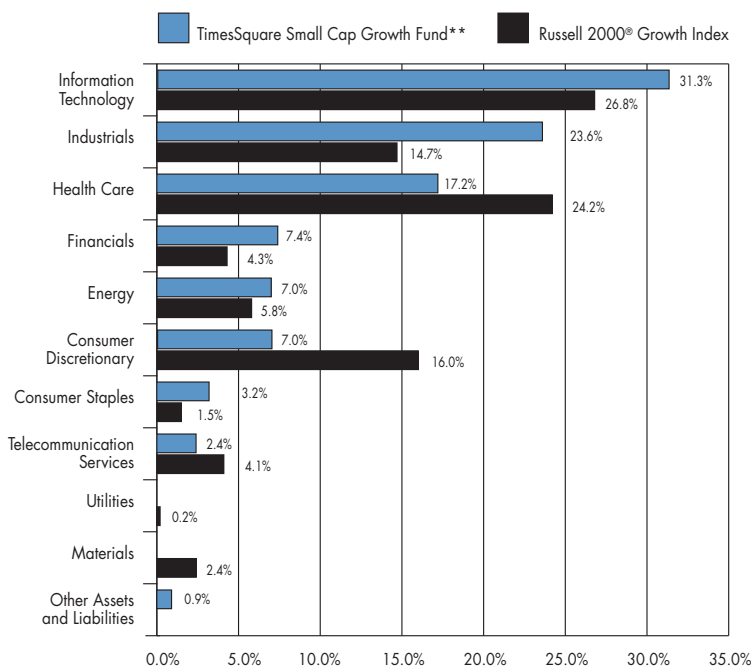
Not FDIC insured, nor bank guaranteed. May lose value.

# TimesSquare Small Cap Growth Fund

## Fund Snapshots

December 31, 2009

### Portfolio Breakdown



\*\* As a percentage of net assets

Industry	TimesSquare Small Cap Growth Fund**	Russell 2000® Growth Index
Information Technology	31.3%	26.8%
Industrials	23.6%	14.7%
Health Care	17.2%	24.2%
Financials	7.4%	4.3%
Energy	7.0%	5.8%
Consumer Discretionary	7.0%	16.0%
Consumer Staples	3.2%	1.5%
Telecommunication Services	2.4%	4.1%
Utilities	0.0%	0.2%
Materials	0.0%	2.4%
Other Assets and Liabilities	0.9%	0.0%

### Top Ten Holdings

Security Name	Percentage of Net Assets
Solera Holdings, Inc.*	2.8%
Global Payments, Inc.*	2.7
Concho Resources, Inc.	1.7
Bio-Rad Laboratories, Inc., Class A*	1.7
Arena Resources, Inc.	1.6
Transdigm Group, Inc.*	1.6
Stancorp Financial Group	1.6
Chattem, Inc.	1.5
Ultimate Software Group, Inc., The*	1.5
Wright Express Corporation	1.4
Top Ten as a Group	18.1%

\* Top Ten Holding at June 30, 2009

Any sectors, industries, or securities discussed should not be perceived as investment recommendations. Mention of a specific security should not be considered a recommendation to buy or solicitation to sell that security. Specific securities mentioned in this report may have been sold from the Fund's portfolio of investments by the time you receive this report.

# TimesSquare Small Cap Growth Fund

## Schedule of Portfolio Investments

December 31, 2009

	Shares	Value		Shares	Value
<b>Common Stocks - 99.1%</b>					
<b>Consumer Discretionary - 7.0%</b>					
American Public Education, Inc. *	140,000	\$4,810,400	Amedisys, Inc. *	60,000 <sup>2</sup>	\$2,913,600
Arbitron, Inc.	183,300	4,292,886	BioMarin Pharmaceutical, Inc. *	300,000	5,643,000
Capella Education Co. *	70,000	5,271,000	Bio-Rad Laboratories, Inc., Class A*	95,000	9,163,700
Corinthian Colleges, Inc. *	362,400	4,990,248	Brookdale Senior Living, Inc. *	245,000	4,456,550
FGX International Holdings, Ltd. *	140,000	2,742,600	Catalyst Health Solutions, Inc. *	160,000	5,835,200
Iconix Brand Group, Inc. *	245,000	3,099,250	Dionex Corp. *	75,000 <sup>2</sup>	5,540,250
Monro Muffler Brake, Inc.	161,000	5,383,840	Emergency Medical Services Corp., Class A*	90,000	4,873,500
RRSat Global Communications Network, Ltd.	200,000	2,260,000	Genoptix, Inc. *	95,000 <sup>2</sup>	3,375,350
WABCO Holdings, Inc.	220,200	5,678,958	Haemonetics Corp. *	112,000	6,176,800
<b>Total Consumer Discretionary</b>		<b>38,529,182</b>	ICON PLC, Sponsored ADR*	135,400	2,942,242
<b>Consumer Staples - 3.2%</b>					
Chattem, Inc. *	90,300 <sup>2</sup>	8,424,990	Incyte Genomics, Inc. *	350,000	3,188,500
Herbalife, Ltd.	75,000	3,042,750	Magellan Health Services, Inc. *	175,000	7,127,750
United Natural Foods, Inc. *	235,000	6,283,900	MedAssets, Inc. *	236,500	5,016,165
<b>Total Consumer Staples</b>		<b>17,751,640</b>	Sirona Dental Systems, Inc. *	95,000	3,015,300
<b>Energy - 7.0%</b>					
Arena Resources, Inc. *	210,000	9,055,200	United Therapeutics Corp. *	110,000 <sup>2</sup>	5,791,500
Atlas Energy, Inc.	130,000	3,922,100	Volcano Corp. *	239,000	4,153,820
Cal Dive International, Inc. *	500,000	3,780,000	WellCare Health Plans, Inc. *	180,000 <sup>2</sup>	6,616,800
Concho Resources, Inc.	209,916	9,425,228	<b>Total Health Care</b>		<b>94,931,975</b>
Dril-Quip, Inc. *	60,000	3,388,800	<b>Industrials - 23.6%</b>		
Matador Resources Co. * <sup>4,5</sup>	431,250	3,234,375	Advisory Board Co., The*	125,000	3,832,500
Quicksilver Resources, Inc. *	215,600	3,236,156	Albany International Corp.	285,000	6,401,100
T-3 Energy Services, Inc. *	109,400	2,789,700	Allegiant Travel Co. *	105,000 <sup>2</sup>	4,952,850
<b>Total Energy</b>		<b>38,831,559</b>	Clean Harbors, Inc. *	130,000 <sup>2</sup>	7,749,300
<b>Financials - 7.4%</b>					
American Equity Investment Life Holding Co.	410,000	3,050,400	Columbus McKinnon Corp. *	330,000	4,507,800
Amerisafe, Inc. *	195,000	3,504,150	Corporate Executive Board Co.	104,000	2,373,280
Argo Group International Holdings, Ltd. *	165,066	4,810,023	CoStar Group, Inc. *	133,500	5,576,295
Duff & Phelps Corp., Class A	257,200	4,696,472	DigitalGlobe, Inc. *	145,000	3,509,000
Evercore Partners, Inc., Class A	130,000	3,952,000	EMCOR Group, Inc. *	115,087	3,095,840
Herald National Bank*	233,500	817,250	Genesee & Wyoming, Inc., Class A*	162,100 <sup>2</sup>	5,290,944
Iberia Bank Corp.	47,000	2,529,070	Granite Construction, Inc.	194,900 <sup>2</sup>	6,560,334
Portfolio Recovery Associates, Inc. *	80,000	3,590,400	Healthcare Services Group, Inc.	180,000	3,862,800
Safety Insurance Group, Inc.	147,700	5,351,171	Hub Group, Inc. *	110,000	2,951,300
StanCorp Financial Group, Inc.	215,000	8,604,300	Interline Brands, Inc. *	337,800	5,833,806
<b>Total Financials</b>		<b>40,905,236</b>	Kennametal, Inc.	190,800 <sup>2</sup>	4,945,536
<b>Health Care - 17.2%</b>					
Affymax, Inc. *	149,800 <sup>2</sup>	3,706,052	McGrath RentCorp	142,900 <sup>2</sup>	3,195,244
Align Technology, Inc. *	302,800	5,395,896	Middleby Corp., The*	115,050	5,639,751
			Mobile Mini, Inc. *	173,949	2,450,941
			On Assignment, Inc. *	660,000	4,719,000
			Orbital Sciences Corp. *	400,000	6,104,000
			RBC Bearings, Inc. *	110,000	2,676,300
			Resources Connection, Inc. *	324,040	6,876,129
			Standard Parking Corp. *	184,800	2,934,624
			Stanley, Inc. *	215,000	5,893,150

The accompanying notes are an integral part of these financial statements.

**TimesSquare Small Cap Growth Fund**  
**Schedule of Portfolio Investments** (continued)

	Shares	Value		Shares	Value
<b>Industrials - 23.6%</b> (continued)			<b>Short-Term Investments - 3.8%</b> <sup>1</sup>		
Stericycle, Inc.*	75,000	\$4,137,750	BNY Institutional Cash Reserves Fund, Series A, 0.05% <sup>3</sup>	13,877,000	\$13,877,000
Transdigm Group, Inc.	182,500	8,666,926	BNY Institutional Cash Reserves Fund, Series B <sup>3,6</sup>	1,179,050	229,915
UTI Worldwide, Inc.*	359,700	5,150,904	Dreyfus Cash Management Fund, Institutional Class Shares, 0.08%	2,811,086	2,811,086
<b>Total Industrials</b>		<b>129,887,404</b>	JPMorgan Liquid Assets Money Market Fund, Capital Shares, 0.19%	4,008,213	4,008,213
<b>Information Technology - 31.3%</b>			<b>Total Short-Term Investments</b> (cost \$21,875,349)		<b>20,926,214</b>
Atheros Communications, Inc.*	125,000	4,280,000	<b>Total Investments - 102.9%</b> (cost \$473,061,565)		<b>567,430,947</b>
Blackboard, Inc.*	123,500	5,605,665	<b>Other Assets, less Liabilities - (2.9%)</b>		(15,824,326)
Bottomline Technologies, Inc.*	207,900	3,652,804	<b>Net Assets - 100.0%</b>		<b>\$551,606,621</b>
Cavium Networks, Inc.*	123,700	2,947,771			
CommVault Systems, Inc.*	140,000	3,316,600			
CSG Systems International, Inc.*	185,000	3,531,650			
CyberSource Corp.*	395,475	7,953,002			
Cymer, Inc.*	200,000 <sup>2</sup>	7,676,000			
DealerTrack Holdings, Inc.*	300,000	5,637,000			
DG FastChannel, Inc.*	175,000 <sup>2</sup>	4,887,750			
DTS, Inc.*	90,000	3,078,900			
Epiq Systems, Inc.*	217,400	3,041,426			
Euronet Worldwide, Inc.*	120,900	2,653,755			
Global Payments, Inc.	280,000	15,080,800			
Hittite Microwave Corp.*	140,000 <sup>2</sup>	5,705,000			
Informatica Corp.*	183,900	4,755,654			
J2 Global Communications, Inc.*	225,000	4,578,750			
Jack Henry & Associates, Inc.	300,000	6,936,000			
ManTech International Corp., Class A*	105,000 <sup>2</sup>	5,069,400			
Monolithic Power Systems, Inc.*	137,000	3,283,890			
Monotype Imaging Holdings, Inc.*	115,000	1,038,450			
Netezza Corp.*	550,000	5,335,000			
Power Integrations, Inc.	136,245	4,953,868			
SkillSoft PLC*	717,000	7,514,160			
SolarWinds, Inc.*	184,900 <sup>2</sup>	4,254,549			
Solera Holdings, Inc.	430,020	15,485,020			
Ultimate Software Group, Inc., The*	284,400	8,352,828			
Varian Semiconductor Equipment Associates, Inc.*	220,000 <sup>2</sup>	7,893,600			
ViaSat, Inc.*	195,000	6,197,100			
Wright Express Corp.*	250,650	7,985,709			
<b>Total Information Technology</b>		<b>172,682,101</b>			
<b>Telecommunication Services - 2.4%</b>					
General Communication, Inc., Class A*	385,600	2,460,128			
NTELOS Holdings Corp.	315,000	5,613,300			
SBA Communications Corp.*	143,800 <sup>2</sup>	4,912,208			
<b>Total Telecommunication Services</b>		<b>12,985,636</b>			
<b>Total Common Stocks</b> (cost \$451,186,216)		<b>546,504,733</b>			

**Note:** Based on the approximate cost of investments of \$484,552,074 for Federal income tax purposes at December 31, 2009, the aggregate gross unrealized appreciation and depreciation were \$102,274,181 and \$19,395,308, respectively, resulting in net unrealized appreciation of investments of \$82,878,873.

\* Non-income-producing security.

<sup>1</sup> Yield shown for an investment company represents the December 31, 2009, seven-day average yield, which refers to the sum of the previous seven days' dividends paid, expressed as an annual percentage.

<sup>2</sup> Some or all of these shares, amounting to a market value of \$14,638,728, or 2.7% of net assets, were out on loan to various brokers.

<sup>3</sup> Collateral received from brokers for securities lending was invested in this short-term investment.

<sup>4</sup> Private Placement: New or secondary issue of stock sold directly to a group of investors. The security's public resale is restricted until it is registered with the SEC under the Securities Act of 1933. On June 9, 2009, the Fund purchased additional shares in a secondary offering at a cost of \$281,250 with a market value at December 31, 2009, of \$421,875. The Fund's total market value of the security at December 31, 2009, is \$3,234,375 representing 0.6% of the Fund's net assets.

<sup>5</sup> Illiquid Security: A security not readily convertible into cash such as a stock, bond or commodity that is not actively traded, and would be difficult to sell in a current sale. The Fund may not invest more than 15% of its net assets in illiquid securities. The value shown for this security is a Fair Value price as determined under procedures approved by the Fund's Board of Trustees.

<sup>6</sup> On September 12, 2008, The Bank of New York Mellon established a separate sleeve of the BNY Institutional Cash Reserves Fund (Series B) to hold certain Lehman Brothers floating rate notes. The Fund's position in Series B is being marked to market daily.

**Investments Definitions and Abbreviations:**

ADR: ADR after the name of a holding stands for American Depositary Receipt, representing ownership of foreign securities on deposit with a domestic custodian bank. The value of the ADR security is determined or significantly influenced by trading on exchanges not located in the United States or Canada. Sponsored ADRs are initiated by the underlying foreign company.

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## TimesSquare Mid Cap Growth Fund

Investment Manager's Comments

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The TimesSquare Mid Cap Growth Fund (the "Fund") seeks to achieve long-term capital appreciation by investing in the common and preferred stock of U.S. mid-capitalization companies. The Fund invests at least 80% of its assets in securities of mid-capitalization companies. The Fund's subadvisor, TimesSquare Capital Management, LLC ("TimesSquare") uses a bottom-up, research-intensive approach to identify mid-capitalization growth stocks that it believes have the greatest potential to achieve significant price appreciation over a 12-to-18-month horizon. In this case, mid-capitalization refers to companies that, at the time of purchase, have market capitalizations of greater than \$1.5 billion but less than the greater of \$10 billion or the upper limit of the Russell MidCap® Growth Index. The Russell MidCap® Growth Index (the "Index") is the Fund's benchmark.

### **The Portfolio Manager**

#### **TimesSquare Capital Management, LLC**

TimesSquare's investment team believes its proprietary fundamental research skills, which place a particular emphasis on the assessment of management quality and an in-depth understanding of superior business models, enable the team to build a diversified portfolio of mid-cap growth stocks designed to generate good risk-adjusted returns. When selecting mid-cap growth stocks, Fund management utilizes a fundamental, bottom-up process to identify companies that:

- Demonstrate consistent and sustainable revenue and earnings growth and offer distinct, sustainable competitive advantages
- Have strong, experienced management teams
- Have stocks that are selling at reasonable valuations
- Fund management believes have the potential to appreciate in price by 25-50% within the next 12 -18 months.

#### **The ideal investment exhibits many of the following traits:**

- Exceptional management (clear goals, track record of success)
- Distinct, sustainable competitive advantage (proprietary products, demonstrated franchise value, few competitors, patents, brand-name recognition)
- Strong, consistent growth (3-year projected earnings growth and revenue growth greater than 15%)
- Projected P/E at a discount to earnings growth
- Attractive P/E relative to industry group

#### **The investment team may sell an investment when:**

- Operating objectives are not met
- Management is unable to sustain a competitive advantage
- Fundamentals are expected to deteriorate
- Reasons for purchase changed
- A stock has reached its price target or is overvalued

#### **The Year in Review**

For the year ended December 31, 2009, the TimesSquare Mid Cap Growth Fund (Institutional Class) returned 37.02%, while its benchmark, the Russell Midcap® Growth Index, returned 46.29%.

The sheer climb of the U.S. equity markets in 2009 nearly mirrored their precipitous drop in 2008. From its lowest point in March, the broad market rebounded 70% to end the year up nearly 30%. After 2008's decline of -37%, investors may think that all has recovered; however, the various equity market size and style segments were still between -5% and -10% below their levels from three years prior.

One needed to look only at the status of the financial system and the levels of the government's economic intervention by the numbers to see that the healing was far from complete. During 2009, there were 140 bank failures compared with 26 in 2008 and 3 in 2007. Interest rates remained targeted from 0.00% to 0.25% throughout the year with the Federal Reserve's announcement on December 16<sup>th</sup> that economic conditions warranted "exceptionally low levels of the federal funds rate for an extended period." Since the beginning of the downturn, the U.S. government authorized nearly \$1.5 trillion of spending to mend and support the economy. This included TARP's purchase of \$700 billion in "toxic assets" from the balance sheets of financial firms, a \$787 billion economic stimulus package, and a \$3 billion "cash for clunkers" program to spur stagnant auto sales. Perhaps the most important number at year end was 10%, which was the level of unemployment, up from 7% a year earlier.

Still, the fourth quarter of 2009 showed some optimistic signs. The Fed began to scale back some of its emergency activities with the view that "economic activity has continued to pick up and that the deterioration in the labor market is abating." In December, the real GDP estimate for the third quarter was revised downward, but it remained in positive territory at 2.2% with the first GDP gain since the second quarter of 2008.

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## TimesSquare Mid Cap Growth Fund

Investment Manager's Comments (continued)

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Also heartening was the tenor of the positive fourth quarter returns in the U.S. equity market. When the market snapped back in March, it was led by stocks with lower quality (as defined by ROE quintile), lower prices, and smaller market capitalizations within each segment. On balance, those were the strongest areas for the year; however, in the fourth quarter, it was the reverse with higher-quality and larger stocks being rewarded. For the year, growth outpaced value.

The Fund trailed the Russell Midcap<sup>®</sup> Growth Index on a relative basis for the full calendar year due to the extended effects of the low-quality rally that drove returns in the benchmark for most of 2009; we did not alter our high-quality bias that is inherent to our time-tested investment process. For the year, stock selection had a net negative effect and drove our underperformance; in general, our investments in consumer discretionary, consumer staples, and telecommunication services outpaced their counterparts in the Index, while our holdings in health care, industrials, information technology, financials, energy, and materials lagged.

Stock performance in consumer discretionary, while a positive contributor overall, was mixed. The top contributor to the Fund's performance for 2009 can be found in this sector: Virgin Media Inc, a quad-play provider of residential broadband, cable, mobile, and fixed-line services, climbed 244% for the year. Virgin reported several strong quarters with revenues, EBITDA, and free cash flow well ahead of expectations. The company has continued to do a good job of raising overall prices and making the increases stick, and their shareholder base stands to broaden as their stock began trading on the London Stock Exchange in October. While the company has plenty of leverage, we are starting to see signs from management on plans to push out debt maturities and ultimately delever. In contrast, the Fund's exposure to education services stocks detracted from results. Apollo Group, Inc. is the private education provider behind the University of Phoenix, the College for Financial Planning, and the Insight Schools. Apollo's shares fell by -21% due to concerns over a new informal SEC inquiry over revenue recognition policies. Our analysis of Apollo's cash flows does not show that their revenue recognition has been fraudulent, and we believe that the drop in the stock's price is an overreaction. We used the recent price weakness as an opportunity to add to our position.

In materials, Pactiv Corporation, the packaging manufacturer whose product line includes Hefty bags, fell by -49% when it reported the large size of its future pension obligation relative to the total of its pension assets. As this news was coupled with concerns over private label encroachment, we decided to close this position in the first quarter.

In the telecommunication services industry, American Tower Corporation and SBA Communications Corporation are wireless and broadcast communications tower companies whose shares appreciated by 47% and 109% for the year, respectively, as investors have continued to favor the tower companies. We continue to expect wireless carriers, such as AT&T, Verizon, T-Mobile, and Sprint, to spend on building out their networks with the increased broadband demand stemming from the growing usage of data intensive smartphones.

One of the key detractors in information technology was DST Systems, Inc., a global provider of information processing and computer software services and products to the financial services industry (primarily mutual funds and investment managers), telecommunications industry, the healthcare industry, and other service industries. We sold DST in the first quarter after their shares had fallen. Although the valuation was not excessive, we felt there were better companies to invest in. The organic growth for all businesses was below expectations, and market conditions raised concerns about margins, refinancing risk, software sales (a small but high margin unit for them), and account growth. In addition, the shift in the industry from full service to sub-accounting results in much lower revenues per account.

The largest detractor within the health care sector, Cephalon, Inc., finished the year down -19%. As an international biotech company focused on products in three main areas - central nervous system, pain, and oncology, Cephalon is well known for their Provigil drug and its successor drug, Nuvigil, which treat excessive sleepiness associated with narcolepsy, sleep apnea, and off-peak shift work. In the second quarter, Cephalon was hit with concerns regarding potential congressional involvement in past settlements with generic drug manufacturers; our analysis showed that generic settlements have a strong legal basis and would likely continue. The company finished the year on a good note after positive Phase III results for the company's Treanda drug demonstrated its increased effectiveness and lower toxicity over chemotherapy as a first-line treatment for non-Hodgkin's lymphoma.

In industrials, UTI Worldwide Inc., a key detractor, fell by -5%, and we sold this name in the third quarter. The company had reported lower than expected revenues on lower volumes in the second quarter for their non-asset based, freight forwarding and logistics business. In the following quarter, we exited our position on strength; we decided to redeploy the proceeds to other names in the Fund with better visibility rather than wait for their new CEO to turn around the company and for an improvement in the macro picture.

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## TimesSquare Mid Cap Growth Fund

Investment Manager's Comments (continued)

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Within financial services, CapitalSource Inc. is a commercial lender that provides financial products to middle-market businesses. Through its wholly owned subsidiary, CapitalSource Bank, the company provides depository products and services in southern and central California. Although we admire CapitalSource for its credit discipline, we sold out of this long-held stock as their shares dropped by -81% with the belief that the mounting deterioration in credit in the commercial real estate industry would spare no company. Aon Corporation from the multi-line insurance space provides risk and insurance brokerage services and human resource outsourcing. Aon finished the year down -15%. Management reported a mixed quarter in the fourth quarter with operating earnings coming in a bit light of estimates and a negative organic growth rate with all segments down; one bright spot was that Aon's margin was better than expected thanks to effective cost cuts. We initiated a position in Aflac Inc. during the first quarter, and the stock is up 144% since our investment. Aflac provides supplemental health and life insurance across a variety of plans both in the U.S. and Japan. We believe that the company benefits from an experienced management team, a history of earnings growth with long-term visibility, and a strong brand identity -- its duck is one of the most recognizable corporate symbols worldwide. In the second quarter, Aflac reported a strong quarter and later completed a debt offering that provided an additional capital cushion without the dilutive effects of an equity offering. For the last two quarters of 2009, Aflac beat operating EPS estimates. Two major concerns that had investors worried heading into the latest quarterly report - the potential for weak sales in Japan and the adequacy of their risk-based capital position - did not materialize. While U.S. sales were weaker than expected, Japanese sales rose almost 7% on a year-over-year basis while many investors were expecting a decline.

In the energy sector, Forest Oil Corporation is a name we sold in the third quarter after declining modestly. As an independent oil and gas company engaged in the acquisition, exploration, development, and production of natural gas and liquids primarily in North America, the company conducts its operations in the United States, Canada and abroad. Their shares fell in July as production from some of Forest's wells in the Haynesville area of Texas continued to be weak, and activity slowed in general. We also sold out of our position in Weatherford International Ltd., a global supplier of equipment and services for oil and natural gas wells, which was down -20%. There has been increased uncertainty regarding Weatherford achieving their growth objectives, and we decided to redeploy the proceeds by establishing a new position in a higher

conviction name: Noble Corporation, an offshore deepwater drilling contractor for the oil and gas industry with oil rigs in the Middle East, India, the Gulf of Mexico, and Brazil among their many locations. Noble sports a strong backlog with high utilization rates. Key contributor, Cameron International Corporation, which was up 104%, provides pressure control and flow equipment products, systems, and services for global oil, gas, and process industries; they have significant exposure to international markets and are the leader in subsea tree systems. Cameron acquired NATCO Group, an energy company specializing in wellhead equipment with a proprietary technology to separate oil, gas, and water while removing contaminants, in an all-stock deal which was unveiled in June and closed by year-end. In September, Cameron announced a large \$500 million order from Petrobras which added to their backlog and order book visibility; Petrobras should be a big buyer for many years to come given their deepwater project pipeline. Most recently, after reporting solid quarterly results with increased backlog and a slight uptick to 2009 guidance, Cameron was upgraded by Raymond James to an outperform rating. Cameron also announced a \$230+million order from Chevron for subsea production systems. The company continues to sport a strong balance sheet with more than \$1 billion in cash on hand.

### Looking Forward

As investors, we are continually reminded how quickly the markets can turn and how important a disciplined approach is to active management; the last 24 months were certainly an example of that. Despite a difficult 2009 relative to the low-quality driven returns of the Russell Midcap® Growth Index, we are optimistic about the market's return to rewarding quality investments in 2010 as we have witnessed signs of the end of the low-quality run in the fourth quarter. TimesSquare was able to weather 2009 without any staff cutbacks, and we are grateful for the positive cash flows from existing clients and several new ones. The equity market's recent rise may serve as the traditional leading indicator of economic growth, but regardless, we remain focused on balancing the investment rewards and risks with our bottom-up investment process. We appreciate your trust in our ability to manage your portfolio, and we look forward to working with you in the new year.

### Cumulative Total Return Performance

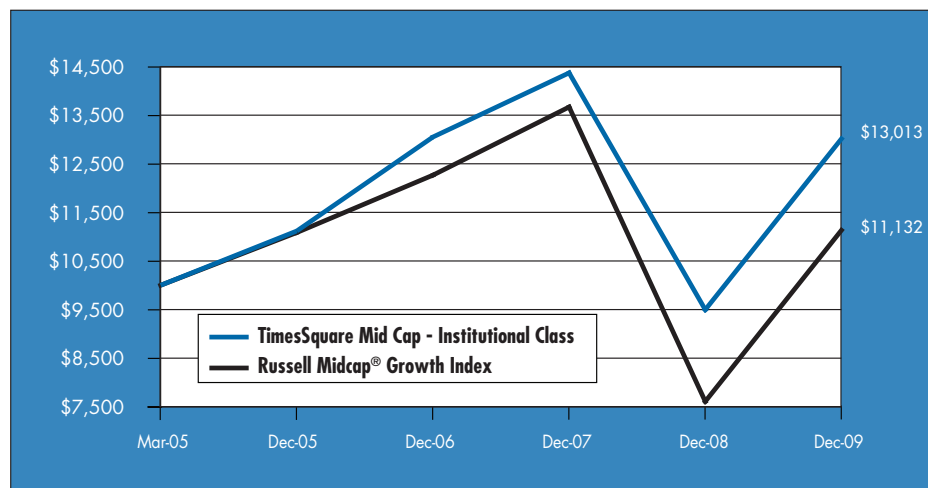
TimesSquare Mid Cap Growth Fund's cumulative total return is based on the daily change in net asset value (NAV), and assumes that all distributions were reinvested. The Russell Midcap® Growth

# TimesSquare Mid Cap Growth Fund

Investment Manager's Comments (continued)

## Cumulative Total Return Performance (continued)

Index measures the performance of those Russell Midcap<sup>®</sup> companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000<sup>®</sup> Growth Index. Unlike the Fund, the above stated index is unmanaged, is not available for investment, and does not incur expenses. The chart compares a hypothetical \$10,000 investment made in the Fund on March 4, 2005 (commencement of operations) to a \$10,000 investment made in the Russell Midcap<sup>®</sup> Growth Index for the same time periods. Figures include reinvestment of capital gains and dividends. The listed returns for the Fund are net of expenses and the returns for the index exclude expenses. Total returns for the Fund would have been lower had certain expenses not been reduced.



The table below shows the average annualized total returns for the TimesSquare Mid Cap Growth Fund and the Russell Midcap<sup>®</sup> Growth Index since inception through December 31, 2009.

Average Annual Total Returns <sup>1</sup>	One Year	Since Inception	Inception Date
<b>TimesSquare Mid Cap Growth Fund<sup>2</sup></b>			
Institutional Class	37.02%	5.61%	03/04/05
Premier Class	36.57%	5.42%	03/04/05
Russell Midcap <sup>®</sup> Growth Index <sup>3</sup>	46.29%	2.25%	

*The performance data shown represents past performance. Past performance is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance information through the most recent month end please call (800) 835-3879 or visit our Web site at [www.managersinvest.com](http://www.managersinvest.com).*

In choosing a Fund, investors should carefully consider the amount they plan to invest, their investment objectives, the Fund's investment objectives, risks, charges and expenses before investing. For this and other information, please call (800) 835-3879 or visit [www.managersinvest.com](http://www.managersinvest.com) for a free prospectus. Read it carefully before investing or sending money. Distributed by Managers Distributors, Inc., member FINRA.

<sup>1</sup> Total return equals income yield plus share price change and assumes reinvestment of all dividends and capital gain distributions. Returns are net of fees and may reflect offsets of Fund expenses as described in the Prospectus. No adjustment has been made for taxes payable by shareholders on their reinvested dividends and capital gain distributions. Returns for periods greater than one year are annualized. The listed returns on the Fund are net of expenses and based on the published NAV as of December 31, 2009. All returns are in U.S. dollars (\$).

<sup>2</sup> Mid capitalization securities are subject to market, liquidity and information risk. Mid size company securities may underperform, as compared to securities of larger companies, and may also pose greater risk due to narrower product lines, fewer financial resources, less depth in management or a smaller trading market for their stocks. Also, growth stocks may be more volatile than other types of stocks.

<sup>3</sup> The Russell Midcap<sup>®</sup> Growth Index is a market capitalization-weighted index that measures the performance of those Russell Midcap<sup>®</sup> companies with higher price-to-book ratios and higher forecasted growth rates.

The Russell Midcap<sup>®</sup> Growth Index is a registered trademark of Russell Investments. Russell<sup>®</sup> is a trademark of Russell Investments.

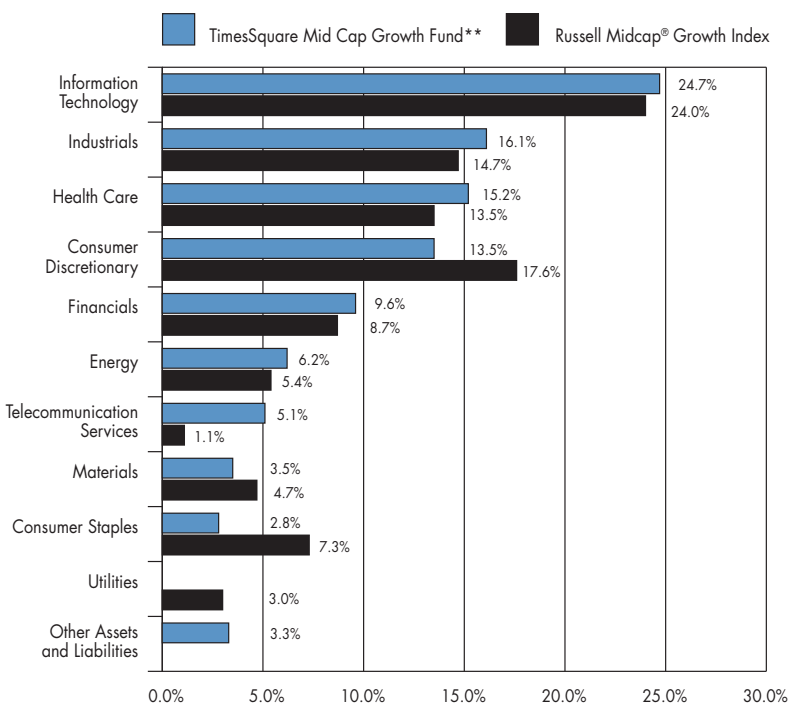
Not FDIC insured, nor bank guaranteed. May lose value.

# TimesSquare Mid Cap Growth Fund

## Fund Snapshots

December 31, 2009

### Portfolio Breakdown



\*\* As a percentage of net assets

Industry	TimesSquare Mid Cap Growth Fund**	Russell Midcap® Growth Index
Information Technology	24.7%	24.0%
Industrials	16.1%	14.7%
Health Care	15.2%	13.5%
Consumer Discretionary	13.5%	17.6%
Financials	9.6%	8.7%
Energy	6.2%	5.4%
Telecommunication Services	5.1%	1.1%
Materials	3.5%	4.7%
Consumer Staples	2.8%	7.3%
Utilities	0.0%	3.0%
Other Assets and Liabilities	3.3%	0.0%

### Top Ten Holdings

Security Name	Percentage of Net Assets
DaVita, Inc.*	4.6%
American Tower Corp., Class A*	3.5
Amdocs, Ltd.*	2.9
Virgin Media, Inc.	2.6
Express Scripts, Inc.*	2.4
Aflac, Inc.	2.4
RenaissanceRe Holdings, Ltd.*	2.3
ASML Holding, N.V.	2.2
Discovery Communications, Inc., Class C*	2.1
Analog Devices, Inc.	2.0
Top Ten as a Group	27.0%

\* Top Ten Holding at June 30, 2009

Any sectors, industries, or securities discussed should not be perceived as investment recommendations. Mention of a specific security should not be considered a recommendation to buy or solicitation to sell that security. Specific securities mentioned in this report may have been sold from the Fund's portfolio of investments by the time you receive this report.

# TimesSquare Mid Cap Growth Fund

## Schedule of Portfolio Investments

December 31, 2009

	Shares	Value		Shares	Value
<b>Common Stocks - 96.7%</b>			<b>Industrials - 16.1%</b>		
<b>Consumer Discretionary - 13.5%</b>					
Apollo Group, Inc., Class A*	353,500	\$21,415,030	Ametek, Inc.	353,500	\$13,517,840
Discovery Communications, Inc., Class C*	991,600	26,297,232	CH Robinson Worldwide, Inc.	220,400	12,944,092
Hasbro, Inc.	362,400	11,618,544	Copart, Inc.*	220,400 <sup>2</sup>	8,073,252
International Game Technology	579,100	10,869,707	Dun & Bradstreet Corp., The	178,100	15,026,297
National CineMedia, Inc.	579,300	9,599,001	Fastenal Co.	281,000 <sup>2</sup>	11,700,840
Pool Corp.	432,053	8,243,571	Iron Mountain, Inc.*	275,400	6,268,104
priceline.com, Inc.*	59,400	12,978,900	ITT Industries, Inc.	188,100	9,356,094
Strayer Education, Inc.	105,700 <sup>2</sup>	22,460,193	L-3 Communications Holdings, Inc.	202,000	17,563,900
Tiffany & Co.	300,000	12,900,000	Masco Corp.	909,900	12,565,719
Virgin Media, Inc.	1,951,100	32,837,013	Norfolk Southern Corp.	430,300	22,556,326
<b>Total Consumer Discretionary</b>		<b>169,219,191</b>	PACCAR, Inc.	170,800	6,194,916
<b>Consumer Staples - 2.8%</b>			Parker Hannifin Corp.	234,100	12,613,308
Church & Dwight Co., Inc.	278,300	16,823,235	Rockwell Collins, Inc.	371,900	20,588,384
Herbalife, Ltd.	449,900	18,252,443	Stericycle, Inc.*	226,500	12,496,005
<b>Total Consumer Staples</b>		<b>35,075,678</b>	URS Corp.*	448,600	19,971,672
<b>Energy - 6.2%</b>			<b>Total Industrials</b>		<b>201,436,749</b>
Cameron International Corp.*	448,600	18,751,480	<b>Information Technology - 24.7%</b>		
Denbury Resources, Inc.*	1,115,552	16,510,170	Adobe Systems, Inc.*	491,200	18,066,336
Noble Corp.	150,700	6,133,490	Alliance Data Systems Corp.*	321,400 <sup>2</sup>	20,759,226
Range Resources Corp.	325,000	16,201,250	Altera Corp.	624,300	14,127,909
Ultra Petroleum Corp.*	408,600	20,372,796	Amdocs, Ltd.*	1,279,000	36,489,870
<b>Total Energy</b>		<b>77,969,186</b>	Amphenol Corp.	337,900	15,604,222
<b>Financials - 9.6%</b>			Analog Devices, Inc.	789,600	24,935,568
Aflac, Inc.	636,900	29,456,625	ASML Holding, N.V.	812,600	27,701,534
Aon Corp.	439,400	16,846,596	Broadcom Corp., Class A*	693,200	21,801,140
Invesco, Ltd.	883,600	20,755,764	Cognizant Technology Solutions Corp.*	188,100	8,520,930
RenaissanceRe Holdings, Ltd.	541,700	28,791,355	Dolby Laboratories, Inc.*	247,900	11,832,267
SEI Investments Co.	766,700	13,432,584	Global Payments, Inc.	398,900	21,484,754
TD Ameritrade Holding Corp.*	549,900	10,657,062	Juniper Networks, Inc.*	501,900	13,385,673
<b>Total Financials</b>		<b>119,939,986</b>	KLA-Tencor Corp.	321,400	11,621,824
<b>Health Care - 15.2%</b>			Linear Technology Corp.	251,200	7,671,648
Cephalon, Inc.*	303,700	18,953,917	NetApp, Inc.*	417,000	14,340,630
DaVita, Inc.*	970,200	56,989,548	NeuStar, Inc., Class A*	871,700	20,083,968
Express Scripts, Inc.,*	350,000	30,257,500	Salesforce.com, Inc.*	87,000	6,417,990
Humana, Inc.*	321,700	14,119,413	Western Union Co., The	747,500	14,090,375
Illumina, Inc.*	250,800 <sup>2</sup>	7,687,020	<b>Total Information Technology</b>		<b>308,935,864</b>
Laboratory Corp. of America Holdings*	213,100	15,948,404	<b>Materials - 3.5%</b>		
ResMed, Inc.*	260,900 <sup>2</sup>	13,637,243	Airgas, Inc.	270,200	12,861,520
Shire Pharmaceuticals PLC	298,500	17,521,950	Ecolab, Inc.	503,200	22,432,656
St. Jude Medical, Inc.*	395,300	14,539,134	Martin Marietta Materials, Inc.	89,800 <sup>2</sup>	8,029,018
<b>Total Health Care</b>		<b>189,654,129</b>	<b>Total Materials</b>		<b>43,323,194</b>

The accompanying notes are an integral part of these financial statements.

**TimesSquare Mid Cap Growth Fund**  
**Schedule of Portfolio Investments** (continued)

	Shares	Value		Shares	Value
<b>Telecommunication Services - 5.1%</b>					
American Tower Corp., Class A*	1,020,300	\$44,087,163	Dreyfus Cash Management Fund, Institutional Class Shares, 0.08%	26,939,456	\$26,939,456
SBA Communications Corp.*	564,400	19,279,904	JPMorgan Liquid Assets Money Market Fund, Capital Shares, 0.19%	17,145,759	17,145,759
<b>Total Telecommunication Services</b>		<b>63,367,067</b>	<b>Total Short-Term Investments</b> (cost \$103,715,847)		<b>102,375,013</b>
<b>Total Common Stocks</b> (cost \$1,015,910,527)		<b>1,208,921,044</b>	<b>Total Investments - 104.9%</b> (cost \$1,119,626,374)		<b>1,311,296,057</b>
<b>Short-Term Investments - 8.2%</b> <sup>1</sup>					
BNY Institutional Cash Reserves Fund, Series A, 0.05% <sup>3</sup>	57,965,000	57,965,000	<b>Other Assets, less Liabilities - (4.9)%</b>		(61,796,371)
BNY Institutional Cash Reserves Fund, Series B* <sup>3,4</sup>	1,665,632	324,798	<b>Net Assets - 100.0%</b>		<b>\$1,249,499,686</b>

**Note:** Based on the approximate cost of investments of \$1,157,412,667 for Federal income tax purposes at December 31, 2009, the aggregate gross unrealized appreciation and depreciation were \$161,881,322 and \$7,997,932, respectively, resulting in net unrealized appreciation of investments of \$153,883,390.

\* Non-income-producing security.

<sup>1</sup> Yield shown for an investment company represents the December 31, 2009, seven-day average yield, which refers to the sum of the previous seven days' dividends paid, expressed as an annual percentage.

<sup>2</sup> Some or all of these shares, amounting to a market value of \$57,585,602, or 4.6% of net assets, were out on loan to various brokers.

<sup>3</sup> Collateral received from brokers for securities lending was invested in this short-term investment.

<sup>4</sup> On September 12, 2008, The Bank of New York Mellon established a separate sleeve of the BNY Institutional Cash Reserves Fund (Series B) to hold certain Lehman Brothers floating rate notes. The Fund's position in Series B is being marked to market daily.

## Statements of Assets and Liabilities

December 31, 2009

	TimesSquare Small Cap Growth Fund	TimesSquare Mid Cap Growth Fund
<b>Assets:</b>		
Investments at value* (including securities on loan valued at \$14,638,728 and \$57,585,602, respectively)	\$567,430,947	\$1,311,296,057
Receivable for investments sold	726,087	—
Receivable for Fund shares sold	329,693	1,869,788
Dividends and other receivables	190,054	340,490
Receivable from affiliate	8,906	1,160
Prepaid expenses	7,827	17,219
<b>Total assets</b>	<b>568,693,514</b>	<b>1,313,524,714</b>
<b>Liabilities:</b>		
Payable upon return of securities loaned	15,056,050	59,630,632
Payable for investments purchased	226,643	1,859,570
Payable for Fund shares purchased	1,240,203	1,204,821
Accrued expenses:		
Investment management and advisory fees	459,752	1,032,284
Other	104,245	297,721
<b>Total liabilities</b>	<b>17,086,893</b>	<b>64,025,028</b>
<b>Net Assets</b>	<b>\$551,606,621</b>	<b>\$1,249,499,686</b>
<b>Institutional Class Shares:</b>		
Net Assets	\$412,269,768	\$678,956,075
Shares outstanding	40,320,084	57,160,326
Net asset value, offering and redemption price per share	\$10.22	\$11.88
<b>Premier Class Shares:</b>		
Net Assets	\$139,336,853	\$570,543,611
Shares outstanding	13,775,803	48,330,290
Net asset value, offering and redemption price per share	\$10.11	\$11.81
<b>Net Assets Represent:</b>		
Paid-in capital	\$557,675,851	\$1,201,225,733
Undistributed net investment income	—	—
Accumulated net realized loss from investments	(100,438,612)	(143,395,730)
Net unrealized appreciation of investments	94,369,382	191,669,683
<b>Net Assets</b>	<b>\$551,606,621</b>	<b>\$1,249,499,686</b>
* Investments at cost	\$473,061,565	\$1,119,626,374

The accompanying notes are an integral part of these financial statements.

## Statements of Operations

For the year ended December 31, 2009

	<b>TimesSquare Small Cap Growth Fund</b>	<b>TimesSquare Mid Cap Growth Fund</b>
<b>Investment Income:</b>		
Dividend income	\$3,736,758	\$7,339,393
Interest income	90	251
Foreign withholding tax	(19,030)	(18,458)
Securities lending fees	30,293	120,135
<b>Total investment income</b>	<b>3,748,111</b>	<b>7,441,321</b>
<b>Expenses:</b>		
Investment management and advisory fees	4,523,516	8,794,387
Shareholder servicing fees - Premier Class	120,526	805,873
Professional fees	119,796	226,651
Custodian	69,463	139,695
Transfer agent	68,675	156,358
Trustees fees and expenses	43,406	83,226
Registration fees	33,300	54,646
Reports to shareholders	26,243	207,791
Miscellaneous	33,563	67,307
<b>Total expenses before expense offsets</b>	<b>5,038,488</b>	<b>10,535,934</b>
Expense reimbursements	(166,462)	-
Expense reductions	(76,447)	(95,354)
Expense waivers	(3,607)	(6,559)
<b>Net expenses</b>	<b>4,791,972</b>	<b>10,434,021</b>
<b>Net investment loss</b>	<b>(1,043,861)</b>	<b>(2,992,700)</b>
<b>Net Realized and Unrealized Gain (Loss):</b>		
Net realized loss on investments	(77,297,712)	(75,514,887)
Net unrealized appreciation of investments	218,488,566	372,727,363
<b>Net realized and unrealized gain</b>	<b>141,190,854</b>	<b>297,212,476</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$140,146,993</b>	<b>\$294,219,776</b>

The accompanying notes are an integral part of these financial statements.

## Statements of Changes in Net Assets

For the year ended December 31,

	TimesSquare Small Cap Growth		TimesSquare Mid Cap Growth	
	2009	2008	2009	2008
<b>Increase (Decrease) in Net Assets From Operations:</b>				
Net investment loss	(\$1,043,861)	(\$2,130,313)	(\$2,992,700)	(\$764,064)
Net realized loss on investments	(77,297,712)	(21,963,024)	(75,514,887)	(65,806,548)
Net unrealized appreciation (depreciation) of investments	218,488,566	(191,211,537)	372,727,363	(211,576,098)
Net increase (decrease) in net assets resulting from operations	140,146,993	(215,304,874)	294,219,776	(278,146,710)
<b>Distributions to Shareholders:</b>				
From net investment income:				
Institutional Class Shares	—	—	—	(90,235)
Premier Class Shares	—	—	—	—
From net realized capital gains:				
Institutional Class Shares	—	(14,304,021)	—	(3,450,913)
Premier Class Shares	—	(4,565,884)	—	(2,822,023)
Total distributions to shareholders	—	(18,869,905)	—	(6,363,171)
<b>From Capital Share Transactions:</b>				
Proceeds from sale of shares	75,419,433	67,326,801	539,041,358	503,244,901
Reinvestment of dividends and distributions	—	18,631,619	—	5,413,947
Cost of shares repurchased	(109,593,737)	(69,438,190)	(209,149,680)	(200,613,865)
Net increase (decrease) from capital share transactions	(34,174,304)	16,520,230	329,891,678	308,044,983
Total increase (decrease) in net assets	105,972,689	(217,654,549)	624,111,454	23,535,102
<b>Net Assets:</b>				
Beginning of year	445,633,932	663,288,481	625,388,232	601,853,130
End of year	\$551,606,621	\$445,633,932	\$1,249,499,686	\$625,388,232
End of year undistributed net investment income	—	—	—	—

The accompanying notes are an integral part of these financial statements.

## TimesSquare Small Cap Growth Fund

### Financial Highlights

For a share outstanding throughout each year

Institutional Class	For the year ended December 31,				
	2009	2008	2007	2006	2005
<b>Net Asset Value, Beginning of Year</b>	\$7.53	\$11.64	\$12.42	\$12.08	\$11.88
<b>Income from Investment Operations:</b>					
Net investment loss	(0.02) <sup>3</sup>	(0.04) <sup>3</sup>	(0.03) <sup>3</sup>	(0.04) <sup>3</sup>	(0.05) <sup>3</sup>
Net realized and unrealized gain (loss) on investments	2.71 <sup>3</sup>	(3.73) <sup>3</sup>	1.32 <sup>3</sup>	2.03 <sup>3</sup>	1.60 <sup>3</sup>
Total from investment operations	2.69	(3.77)	1.29	1.99	1.55
<b>Less Distributions to Shareholders from:</b>					
Net investment income	—	—	—	—	—
Net realized gain on investments	—	(0.34)	(2.07)	(1.65)	(1.35)
Total distribution to shareholders	—	(0.34)	(2.07)	(1.65)	(1.35)
<b>Net Asset Value End of Year</b>	<b>\$10.22</b>	<b>\$7.53</b>	<b>\$11.64</b>	<b>\$12.42</b>	<b>\$12.08</b>
Total Return <sup>1</sup>	35.72%	(32.28)%	10.00%	16.49%	13.44%
Ratio of net expenses to average net assets	1.03%	1.04%	1.04%	1.03%	1.05%
Ratio of net investment loss to average net assets <sup>1</sup>	(0.20)%	(0.36)%	(0.22)%	(0.31)%	(0.38)%
Portfolio turnover	65%	62%	82%	62%	76%
Net assets at end of year (000's omitted)	\$412,270	\$339,078	\$500,809	\$465,142	\$445,485
Ratios absent expense offsets: <sup>2</sup>					
Ratio of total expenses to average net assets	1.09%	1.08%	1.07%	1.07%	1.09%
Ratio of net investment loss to average net assets	(0.26)%	(0.41)%	(0.25)%	(0.35)%	(0.42)%

Premier Class	For the year ended December 31,				
	2009	2008	2007	2006	2005
<b>Net Asset Value, Beginning of Year</b>	\$7.46	\$11.53	\$12.32	\$12.00	\$11.83
<b>Income from Investment Operations:</b>					
Net investment loss	(0.03) <sup>3</sup>	(0.04) <sup>3</sup>	(0.04) <sup>3</sup>	(0.05) <sup>3</sup>	(0.06) <sup>3</sup>
Net realized and unrealized gain (loss) on investments	2.68 <sup>3</sup>	(3.70) <sup>3</sup>	1.30 <sup>3</sup>	2.02 <sup>3</sup>	1.58 <sup>3</sup>
Total from investment operations	2.65	(3.74)	1.26	1.97	1.52
<b>Less Distributions to Shareholders from:</b>					
Net investment income	—	—	—	—	—
Net realized gain on investments	—	(0.33)	(2.05)	(1.65)	(1.35)
Total distribution to shareholders	—	(0.33)	(2.05)	(1.65)	(1.35)
<b>Net Asset Value End of Year</b>	<b>\$10.11</b>	<b>\$7.46</b>	<b>\$11.53</b>	<b>\$12.32</b>	<b>\$12.00</b>
Total Return <sup>1</sup>	35.52%	(32.27)%	9.84%	16.44%	13.24%
Ratio of net expenses to average net assets	1.14%	1.11%	1.14%	1.10%	1.21%
Ratio of net investment loss to average net assets <sup>1</sup>	(0.31)%	(0.44)%	(0.33)%	(0.38)%	(0.51)%
Portfolio turnover	65%	62%	82%	62%	76%
Net assets at end of year (000's omitted)	\$139,337	\$106,556	\$162,479	\$177,302	\$141,409
Ratios absent expense offsets: <sup>2</sup>					
Ratio of total expenses to average net assets	1.20%	1.16%	1.17%	1.14%	1.25%
Ratio of net investment loss to average net assets	(0.37)%	(0.48)%	(0.36)%	(0.42)%	(0.55)%

<sup>1</sup> Total returns and net investment income would have been lower had certain expenses not been reduced. (See Note 1(c) of Notes to Financial Statements.)

<sup>2</sup> Excludes the impact of expense reimbursements or fee waivers and expense reductions such as brokerage credits, but includes non-reimbursable expenses, if any, such as interest and taxes. (See Note 1(c) of Notes to Financial Statements.)

<sup>3</sup> Per share numbers have been calculated using average shares.

## TimesSquare Mid Cap Growth Fund

### Financial Highlights

For a share outstanding throughout each period

Institutional Class	For the year ended December 31,				For the period ended December 31, 2005*
	2009	2008	2007	2006	
<b>Net Asset Value, Beginning of Period</b>	\$8.67	\$13.26	\$12.79	\$11.06	\$10.00
<b>Income from Investment Operations:</b>					
Net investment income (loss)	(0.02) <sup>3</sup>	0.00 <sup>3,4</sup>	0.05	0.00 <sup>3,4</sup>	0.02
Net realized and unrealized gain (loss) on investments	3.23 <sup>3</sup>	(4.50) <sup>3</sup>	1.25	1.92 <sup>3</sup>	1.10
Total from investment operations	3.21	(4.50)	1.30	1.92	1.12
<b>Less Distributions to Shareholders from:</b>					
Net investment income	—	(0.00) <sup>4</sup>	(0.04)	(0.00) <sup>4</sup>	(0.02)
Net realized gain on investments	—	(0.09)	(0.79)	(0.19)	(0.04)
Total distribution to shareholders	—	(0.09)	(0.83)	(0.19)	(0.06)
<b>Net Asset Value End of Period</b>	<b>\$11.88</b>	<b>\$8.67</b>	<b>\$13.26</b>	<b>\$12.79</b>	<b>\$11.06</b>
Total Return <sup>1</sup>	37.02%	(33.91)%	10.11%	17.39%	11.17% <sup>6</sup>
Ratio of net expenses to average net assets	1.10%	1.08%	1.03%	1.12%	1.18% <sup>7</sup>
Ratio of net investment income (loss) to average net assets <sup>1</sup>	(0.25)%	(0.04)%	0.35%	0.02%	0.70% <sup>7</sup>
Portfolio turnover	55%	62%	67%	49%	48% <sup>6</sup>
Net assets at end of period (000's omitted)	\$678,956	\$344,189	\$389,075	\$205,290	\$71,284
Ratios absent expense offsets: <sup>2</sup>					
Ratio of total expenses to average net assets	1.11%	1.09%	1.08%	1.16%	1.38% <sup>7</sup>
Ratio of net investment income (loss) to average net assets	(0.26)%	(0.06)%	0.30%	(0.02)%	0.50% <sup>7</sup>

Premier Class	For the year ended December 31,				For the period ended December 31, 2005*
	2009	2008	2007	2006	
<b>Net Asset Value, Beginning of Period</b>	\$8.64	\$13.23	\$12.76	\$11.03	\$10.00
<b>Income from Investment Operations:</b>					
Net investment income (loss)	(0.04) <sup>3</sup>	(0.03) <sup>3</sup>	0.02	(0.01) <sup>3</sup>	0.01
Net realized and unrealized gain (loss) on investments	3.21 <sup>3</sup>	(4.47) <sup>3</sup>	1.26	1.93 <sup>3</sup>	1.08
Total from investment operations	3.17	(4.50)	1.28	1.92	1.09
<b>Less Distributions to Shareholders from:</b>					
Net investment income	—	—	(0.02)	(0.00) <sup>4</sup>	(0.02)
Net realized gain on investments	—	(0.09)	(0.79)	(0.19)	(0.04)
Total distribution to shareholders	—	(0.09)	(0.81)	(0.19)	(0.06)
<b>Net Asset Value End of Period</b>	<b>\$11.81</b>	<b>\$8.64</b>	<b>\$13.23</b>	<b>\$12.76</b>	<b>\$11.03</b>
Total Return <sup>1</sup>	36.69% <sup>5</sup>	(33.96)%	9.95% <sup>5</sup>	17.44%	10.87% <sup>6</sup>
Ratio of net expenses to average net assets	1.30%	1.29%	1.19%	1.23%	1.34% <sup>7</sup>
Ratio of net investment income (loss) to average net assets <sup>1</sup>	(0.45)%	(0.26)%	0.17%	(0.06)%	0.28% <sup>7</sup>
Portfolio turnover	55%	62%	67%	49%	48% <sup>6</sup>
Net assets at end of period (000's omitted)	\$570,544	\$281,199	\$212,778	\$106,329	\$13,428
Ratios absent expense offsets: <sup>2</sup>					
Ratio of total expenses to average net assets	1.31%	1.30%	1.24%	1.27%	1.77% <sup>7</sup>
Ratio of net investment income (loss) to average net assets	(0.46)%	(0.27)%	0.12%	(0.11)%	(0.15)% <sup>7</sup>

\* Commencement of operations was March 4, 2005.

<sup>1</sup> Total returns and net investment income would have been lower had certain expenses not been reduced. (See Note 1(c) of Notes to Financial Statements.)

<sup>2</sup> Excludes the impact of expense reimbursements or fee waivers and expense reductions such as brokerage credits, but includes non-reimbursable expenses, if any, such as interest and taxes. (See Note 1(c) of Notes to Financial Statements.)

<sup>3</sup> Per share numbers have been calculated using average shares.

<sup>4</sup> Rounds to less than \$0.01 per share.

<sup>5</sup> The Total Return is based on the Financial Statement Net Asset Values as shown on the left.

<sup>6</sup> Not annualized.

<sup>7</sup> Annualized.

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## Notes to Financial Statements

December 31, 2009

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### **1. Summary of Significant Accounting Policies**

Managers AMG Funds (the “Trust”) is an open-end management investment company organized as a Massachusetts business trust, and registered under the Investment Company Act of 1940, as amended (the “1940 Act”). Currently, the Trust is comprised of a number of different funds, each having distinct investment management objectives, strategies, risks and policies. Included in this report are two equity funds: TimesSquare Small Cap Growth Fund (“Small Cap”) and TimesSquare Mid Cap Growth Fund (“Mid Cap”), collectively the “Funds.”

The Funds offer both Institutional and Premier Class shares. Institutional shares, which are designed primarily for institutional investors that meet certain administrative and servicing criteria, have a higher minimum initial investment than Premier shares. Premier shares are offered to all other investors. Each class represents an interest in the same assets of the Funds and the classes are identical except for class specific expenses related to shareholder activity. Both classes have equal voting privileges except that each class has exclusive voting rights with respect to its services and/or distribution plan.

The Funds’ financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates and such differences could be material. The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements:

#### **a. Valuation of Investments**

Equity securities traded on a domestic or international securities exchange are valued at the last quoted sale price, or, lacking any sales, at the last quoted bid price. Over-the-counter securities are valued at the Nasdaq Official Closing Price, if one is available. Lacking any sales, over-the counter securities are valued at the last quoted bid price. The Funds’ investments are generally valued based on market quotations provided by third-party pricing services approved by the Board of Trustees of the Funds. Under certain circumstances, the value of certain Fund investments may be based on an evaluation of its fair value, pursuant to procedures established by and under the general supervision of the Board of Trustees of the Trust. Each Fund may use the fair value of a portfolio security to calculate its NAV when, for example, (1) market quotations are not readily available because a portfolio security is not traded in a public market or the principal market in which the security trades is closed, (2) trading in a portfolio security is suspended and has not resumed before the Fund calculates its NAV, (3) a significant event affecting the value of a portfolio security is determined to have occurred between the time of the market quotation provided for a portfolio security and the time as of which the Fund calculates its

NAV, (4) a security’s price has remained unchanged over a period of time (often referred to as a “stale price”), or (5) Managers Investment Group LLC (the “Investment Manager”) determines that a market quotation is inaccurate. 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, as adjusted to reflect the Investment Manager’s determination of the impact of events occurring subsequent to the close of such markets but prior to the time as of which the Fund calculates its NAV. In accordance with procedures approved by the Board of Trustees, the Investment Manager relies upon recommendations of a third-party fair valuation service in adjusting the prices of such foreign portfolio investments. The Funds may invest in securities that may be thinly traded. The Board of Trustees has adopted procedures to adjust prices when thinly traded securities 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. An investment’s valuation may differ depending on the method used and the factors considered in determining value according to the Fund’s fair value procedures.

Short-term investments having a remaining maturity of 60 days or less are valued at amortized cost, which approximates market value. Investments in other regulated investment companies are valued at their end of day net asset value per share except iShares or other ETF’s, which are valued the same as equity securities. Securities for which market quotations are not readily available are valued at fair value, as determined in good faith, and pursuant to procedures adopted by the Board of Trustees of the Trust. The values assigned to fair value investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future developments inherent in long-term investments. Further, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Generally Accepted Accounting Principles (GAAP) define fair value as the price that a Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Funds. Unobservable inputs reflect the Funds’ own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation.

## Notes to Financial Statements (continued)

The three-tier hierarchy of inputs is summarized as follows:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk)

Level 3 – significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

The inputs or methodologies used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. The following table summarizes the inputs used to value the Funds' net assets by the above fair value hierarchy levels as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
<b>TimesSquare Small Cap Growth</b>				
<b>Investments in Securities</b>				
<b>Common Stocks<sup>1</sup></b>	\$543,270,358	–	–	\$543,270,358
<b>Common Stocks - Restricted</b>	–	–	\$3,234,375	3,234,375
<b>Short-Term Investments</b>	20,696,299	\$229,915	–	20,926,214
<b>Total Investments in Securities</b>	<u>\$563,966,657</u>	<u>\$229,915</u>	<u>\$3,234,375</u>	<u>\$567,430,947</u>

	Level 1	Level 2	Level 3	Total
<b>TimesSquare Mid Cap Growth</b>				
<b>Investments in Securities</b>				
<b>Common Stocks<sup>1</sup></b>	\$1,208,921,044	–	–	\$1,208,921,044
<b>Short-Term Investments</b>	102,050,215	\$324,798	–	102,375,013
<b>Total Investments in Securities</b>	<u>\$1,310,971,259</u>	<u>\$324,798</u>	<u>–</u>	<u>\$1,311,296,057</u>

<sup>1</sup> All common stocks reflected in this category are Level 1 securities. For a detailed break-out of the common stocks by major industry classification, please refer to the Schedule of Portfolio Investments.

## Notes to Financial Statements (continued)

The following table is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

	<b>Investments in Securities</b>
<b>TimesSquare Small Cap Growth</b>	
<b>Balance as of December 31, 2008</b>	\$3,750,000
Accrued discounts (premiums)	–
Realized gain (loss)	–
Change in unrealized appreciation (depreciation)	(796,875)
Net purchases (sales)	281,250
Net transfers in and/or out of Level 3	–
<b>Balance as of December 31, 2009</b>	<u><u>\$3,234,375</u></u>

### **b. Security Transactions**

Security transactions are accounted for as of trade date. Realized gains and losses on securities sold are determined on the basis of identified cost.

### **c. Investment Income and Expenses**

Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed. These dividends are recorded as soon as the Trust is informed of the ex-dividend date. Dividend income on foreign securities is recorded net of any withholding tax. Interest income, which includes amortization of premium and accretion of discount on debt securities, is accrued as earned. Non-cash dividends included in dividend income, if any, are reported at the fair market value of the securities received. Other income and expenses are recorded on an accrual basis. Expenses that cannot be directly attributed to a fund are apportioned among the Funds in the Trust, and in some cases other affiliated funds based upon their relative average net assets or number of shareholders. Investment income, realized and unrealized capital gains and losses, the common expenses of each Fund and certain Fund level expense reductions, if any, are allocated on a pro rata basis to each class based on the relative net assets of each class to the total net assets of each Fund. Additional expenses to the Premier Class shares include payments to third parties who maintain omnibus accounts; these payments to third parties represent shareholder recordkeeping

services and are expected not to exceed 0.20% of each Fund's Premier Class average daily net assets. The actual expense and the impact on the expense ratios for the year ended December 31, 2009 was \$120,526 or 0.11% for Small Cap – Premier Class and \$805,873 or 0.20% for Mid Cap – Premier Class.

The Funds had certain portfolio trades directed to various brokers who paid a portion of such Funds' expenses. For the year ended December 31, 2009, under these arrangements the amount by which the Funds' expenses were reduced and the impact on the expense ratios were as follows: Small Cap - \$74,639 or 0.02% and Mid Cap - \$91,999 or 0.01%.

The Funds have a "balance credit" agreement with The Bank of New York Mellon ("BNYM"), the Funds' custodian, whereby each Fund is credited with an interest factor equal to 0.75% below the effective 90-day T-Bill rate for account balances left uninvested overnight. If the T-Bill rate falls below 0.75%, no credits will be earned. These credits serve to reduce the custody expense that would otherwise be charged to each Fund. For the year ended December 31, 2009, the custodian expense was not reduced.

Overdrafts will cause a reduction of any earnings credits, computed at 2% above the effective Federal Funds rate on the day of the overdraft. For the year ended December 31, 2009, overdraft fees for Small Cap and Mid Cap equaled \$0 and \$46, respectively.

The Trust also has a balance credit arrangement with its Transfer Agent, PNC Global Investment Servicing (U.S) Inc., whereby earnings credits are used to offset banking charges and other out-of-pocket expenses. For the year ended December 31, 2009, each Fund's portion of the transfer agent expense was reduced as follows: Small Cap - \$1,808 and Mid Cap - \$3,355.

The Investment Manager has agreed to waive a portion of its management fee in consideration of shareholder servicing fees that it has received from JPMorgan Distribution Services, Inc., with respect to short-term cash investments each Fund has made in the JPMorgan Liquid Assets Money Market Fund – Capital Shares. For the year ended December 31, 2009, the management fee was reduced as follows: Small Cap - \$3,607, and Mid Cap - \$6,559.

Total returns and net investment income for the Funds would have been lower had certain expenses not been offset. Total expenses before offsets exclude the impact of expense reimbursements or fee waivers and expense offsets such as brokerage recapture credits, but include non-reimbursable expenses, if any, such as interest and taxes.

## Notes to Financial Statements (continued)

### d. Dividends and Distributions

Dividends resulting from net investment income, if any, normally will be declared and paid annually in December. Distributions of capital gains, if any, will also be made annually in December and when required for Federal excise tax purposes. Income and capital gain distributions are determined in accordance with Federal income tax regulations, which may differ from generally accepted accounting

principles. These differences are primarily due to differing treatments for losses deferred due to wash sales, REITS, equalization accounting for tax purposes, foreign currency, options, futures and market discount transactions. Permanent book and tax basis differences, if any, relating to shareholder distributions will result in reclassifications to paid-in capital. The tax character of distributions paid during the years ended December 31, 2009 and December 31, 2008 were as follows:

	TimesSquare Small Cap		TimesSquare Mid Cap	
	2009	2008	2009	2008
<b>Distributions paid from:</b>				
Ordinary income	—	—	—	\$90,235
Short-term capital gains	—	\$5,449,916	—	3,177,406
Long-term capital gains	—	13,419,989	—	3,095,530
Totals	—	\$18,869,905	—	\$6,363,171

### As a % of distributions paid (unaudited):

Qualified ordinary income	—	—	—	100.00%
Ordinary income - dividends received deduction	—	—	—	24.60%

As of December 31, 2009, the components of distributable earnings (excluding unrealized appreciation/depreciation) on a tax basis consisted of:

	TimesSquare Small Cap	TimesSquare Mid Cap
Capital loss carryforward	\$86,616,230	\$104,930,726
Undistributed ordinary income	—	—
Short-term capital gains	—	—
Long-term capital gains	—	—

### e. Federal Taxes

Each Fund intends to comply with the requirements under Subchapter M of the Internal Revenue Code of 1986, as amended, and to distribute substantially all of its taxable income and gains to its shareholders and to meet certain diversification and income requirements with respect to investment companies. Therefore, no provision for Federal income or excise tax is included in the accompanying financial statements.

Additionally, based on each Fund's understanding of the tax rules and rates related to income, gains and transactions for the foreign jurisdictions in which it invests, each Fund will provide for foreign taxes, and where appropriate, deferred foreign taxes.

Management has analyzed the Funds' tax positions taken on federal income tax returns for all open tax years (tax years ended December 31, 2006-2009), and has concluded that no provision for federal income tax is required in the Funds' financial statements. The Funds are not aware of any tax position for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

### f. Capital Loss Carryovers

As of December 31, 2009, the Funds had accumulated net realized capital loss carryovers from securities transactions for Federal income tax purposes as shown in the following chart. These amounts may be used to offset realized capital gains, if any, through the expiration dates listed.

Fund	Capital Loss Carryover Amount	Expires December 31,
TimesSquare Small Cap	\$7,371,003	2016
	79,245,227	2017
TimesSquare Mid Cap	\$6,895,257	2016
	98,035,469	2017

For the year ended December 31, 2009, Small Cap and Mid Cap did not utilize any capital loss carryovers.

### g. Capital Stock

The Trust's Declaration of Trust authorizes for each series the issuance of an unlimited number of shares of beneficial interest, without par value, for each Fund. Each Fund records sales and repurchases of its capital stock on the trade date. The cost of securities contributed to the Funds in connection with the issuance of shares is based on the valuation of those securities in accordance with the Funds' policy on investment valuation. Dividends and distributions to shareholders are recorded on the ex-dividend date.

## Notes to Financial Statements (continued)

At December 31, 2009, certain unaffiliated shareholders, specifically omnibus accounts, individually held greater than 10% of the outstanding shares of the Funds as follows: Small Cap – 2 accounts own 20%; Mid Cap – 1 account owns 12%. Transactions by these shareholders may have a material impact on their respective Funds. Capital share transactions for each class of shares were as follows:

	For the year ended December 31, 2009		For the year ended December 31, 2008	
	Shares	Amount	Shares	Amount
<b>TimesSquare Small Cap Growth Fund</b>				
<b>Institutional Shares:</b>				
Proceeds from sale of shares	6,274,864	\$53,387,094	4,605,984	\$43,885,968
Reinvestments of dividends and distributions	–	–	1,964,439	14,183,256
Cost of shares repurchased	(10,988,179)	(84,480,462)	(4,574,341)	(41,855,141)
Net increase (decrease) - Institutional Shares	<u>(4,713,315)</u>	<u>(\$31,093,368)</u>	<u>1,996,082</u>	<u>\$16,214,083</u>
<b>Premier Shares:</b>				
Proceeds from sale of shares	2,687,266	\$22,032,339	2,436,421	\$23,440,833
Reinvestments of dividends and distributions	–	–	622,149	4,448,363
Cost of shares repurchased	(3,202,081)	(25,113,275)	(2,856,783)	(27,583,049)
Net increase (decrease) - Premier Shares	<u>(514,815)</u>	<u>(\$3,080,936)</u>	<u>201,787</u>	<u>\$306,147</u>
<b>TimesSquare Mid Cap Growth Fund</b>				
<b>Institutional Shares:</b>				
Proceeds from sale of shares	28,164,620	\$279,140,240	19,039,009	\$219,619,519
Reinvestments of dividends and distributions	–	–	399,834	3,340,079
Cost of shares repurchased	(10,696,782)	(103,166,213)	(9,092,723)	(93,428,822)
Net increase - Institutional Shares	<u>17,467,838</u>	<u>\$175,974,027</u>	<u>10,346,120</u>	<u>\$129,530,776</u>
<b>Premier Shares:</b>				
Proceeds from sale of shares	26,524,752	\$259,901,118	25,979,631	\$283,625,382
Reinvestments of dividends and distributions	–	–	249,493	2,073,868
Cost of shares repurchased	(10,756,029)	(105,983,467)	(9,755,646)	(107,185,043)
Net increase - Premier Shares	<u>15,768,723</u>	<u>\$153,917,651</u>	<u>16,473,478</u>	<u>\$178,514,207</u>

### 2. Agreements and Transactions with Affiliates

The Trust has entered into an Investment Management Agreement under which the Investment Manager, an independently managed subsidiary of Affiliated Managers Group, Inc. (“AMG”), serves as investment manager to the Funds and is responsible for the Funds’ overall administration. The Investment Manager selects subadvisors for the Funds (subject to Trustee approval) and monitors each subadvisor’s investment programs and results. Each Fund’s investment portfolio is managed by TimesSquare Capital Management, LLC (“TimesSquare”), who serves pursuant to a Subadvisory Agreement with the Investment Manager. AMG indirectly owns a majority interest in TimesSquare.

Investment management fees are paid directly by the Funds to the Investment Manager based on average daily net assets. For the year ended December 31, 2009, the annual investment management fee rates, as a percentage of average daily net assets were as follows: Small Cap - 1.00% and Mid Cap 1.00%. Under the Investment Management Agreements with the Funds, the Investment Manager provides a variety of administrative services to the Funds. The Investment Manager receives no additional compensation from the Funds

for these services. Pursuant to a Reimbursement Agreement between the Investment Manager and TimesSquare, TimesSquare reimburses the Investment Manager for the costs the Investment Manager bears in providing such services to the Funds.

The Investment Manager has contractually agreed, through at least May 1, 2010, to waive fees and pay or reimburse expenses to the extent that the total annual operating expenses (exclusive of brokerage costs, acquired fund fees and expenses, interest, taxes and extraordinary expenses) of the Funds exceed the following percentages of each Fund’s average daily net assets: Small Cap Institutional Class – 1.05%, Small Cap Premier Class – 1.25%, Mid Cap Institutional Class – 1.19% and Mid Cap Premier Class – 1.39%.

The Funds are obligated to repay the Investment Manager such amounts waived, paid or reimbursed in future years provided that the repayment occurs within thirty-six (36) months after the waiver or reimbursement and that such repayment would not cause each Fund’s total operating expenses in any such future year to exceed that Fund’s respective expense cap. For the year ended December 31, 2009, the Funds made no such repayments to the Investment

Manager. For the year ended December 31, 2009, the cumulative amount of expense reimbursement by the Investment Manager subject to repayment by Small Cap and Mid Cap were \$460,917 and \$0, respectively.

The aggregate annual retainer paid to each Independent Trustee is \$65,000, plus \$4,000 or \$2,500 for each regular or special meeting attended, respectively. The Trustees' fees and expenses are allocated among all of the Funds for which the Investment Manager serves as the advisor (the "Managers Funds") based on the relative net assets of such Funds. The Independent Chairman of the Trusts receives an additional payment of \$15,000 per year. The Chairman of the Audit Committee receives an additional payment of \$5,000 per year. The "Trustees fees and expenses" shown in the financial statements represents the Fund's allocated portion of the total fees and expenses paid by the Managers Funds.

The Funds are distributed by Managers Distributors, Inc. ("MDI"), a wholly-owned subsidiary of the Investment Manager. MDI serves as the principal underwriter for each Fund and is a registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Shares of each Fund will be continuously offered and will be sold by brokers, dealers or other financial intermediaries who have executed selling agreements with MDI. MDI bears all the expenses of providing services pursuant to the Underwriting Agreement, including the payment of the expenses relating to the distribution of Prospectuses for sales purposes and any advertising or sales literature. Certain Trustees and Officers of the Funds are Officers and/or Directors of the Investment Manager, AMG and/or MDI.

On June 23, 2009, the Securities and Exchange Commission granted an exemptive order that permits the Funds to lend and borrow money for certain temporary purposes directly to and from other eligible Funds in the Managers Family of Funds (the "Fund Family"). Participation in this interfund lending program is voluntary for both borrowing and lending Funds, and an interfund loan is only made if it benefits each participating Fund. The Investment Manager administers the program according to procedures approved by the Funds' Board of Trustees (the "Board"), and the Board monitors the operation of the program. An interfund loan must comply with certain conditions set out in the exemptive order, which are designed to assure fairness and protect all participating Funds. For the period from June 23, 2009 through December 31, 2009, the following Funds lent to other Funds in the Fund family: TimesSquare Small Cap lent varying amounts up to \$575,274 for 6 days earning interest of \$90; TimesSquare Mid Cap lent varying amounts up to \$7,491,947 for 2 days earning interest of \$251. The interest amounts are included in the Statement of Operations as interest income.

### **3. Purchases and Sales of Securities**

Purchases and sales of investment securities (excluding short-term securities and U.S. Government obligations) for the year ended December 31, 2009, for Small Cap were \$286,187,743 and \$282,862,958 and for Mid Cap were \$771,093,210 and \$468,346,410, respectively. There were no purchases or sales of U.S. Government obligations for either Fund.

### **4. Portfolio Securities Loaned**

The Funds may participate in a securities lending program offered by BNYM, providing for the lending of securities to qualified brokers. Securities lending fees include earnings of such temporary cash investments, plus or minus any rebate to a borrower. These

earnings (after any rebate) are then divided between BNYM, as a fee for its services under the program, and the Fund, according to agreed-upon rates. Collateral on all securities loaned is accepted in cash and/or government securities and is maintained at a minimum level of 102% (105% in the case of certain foreign securities) of the market value, plus interest, if applicable, of investments on loan. It is the Funds' policy to obtain additional collateral from or return excess collateral to the borrower by the end of the next business day, following the valuation date of the securities loaned. Therefore, the value of the collateral held may be temporarily less than the value of the securities on loan. Lending securities entails a risk of loss to the Funds if and to the extent that the market value of the securities loaned were to increase and the borrower did not increase the collateral accordingly, and the borrower fails to return the securities. The Funds bear the risk of any deficiency in the amount of the collateral available for return to the borrower due to any loss on the collateral invested. Collateral received in the form of cash is invested temporarily in the BNY Institutional Cash Reserves Fund (the "ICRF"), or other short-term investments as defined in the Securities Lending Agreement with BNYM.

In September of 2008, BNYM advised the Investment Manager that the ICRF had exposure to certain defaulted debt obligations, and that BNYM had established a separate sleeve of the ICRF to hold these securities. The net impact of these positions is not material to each Fund. Each Fund's position in the separate sleeve of the ICRF is included in the Schedule of Portfolio Investments and the unrealized loss on such investment is included in Net Unrealized Depreciation on the Statement of Assets and Liabilities and Statement of Operations.

### **5. Commitments and Contingencies**

In the normal course of business, the Funds may enter into contracts and agreements that contain a variety of representations and warranties, which provide general indemnifications. The maximum exposure to the Funds under these arrangements is unknown, as this would involve future claims that may be against the Funds that have not yet occurred. However, based on experience, the Funds expect the risks of loss to be remote.

### **6. Subsequent Events**

The Funds have determined that no additional material events or transactions occurred subsequent to December 31, 2009, and through February 22, 2010, the date of issuance of the Funds' financial statements, which require additional disclosure in the Funds' financial statements.

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### **Tax Information** (unaudited)

Each Fund hereby designates the maximum amount allowable of its net taxable income as qualified dividends as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003. The 2009 Form 1099-DIVs you receive for each Fund will show the tax status of all distributions paid to you during the respective calendar year.

Pursuant to section 852 of the Internal Revenue Code, TimesSquare Small Cap and TimesSquare Mid Cap hereby designate as a capital gain distribution with respect to the taxable year ended December 31, 2009, \$0 and \$0, respectively, or, if subsequently determined to be different, the net capital gains of such year.

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## Report of Independent Registered Public Accounting Firm

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### To the Board of Trustees of Managers AMG Funds and the Shareholders of TimesSquare Small Cap Growth Fund and TimesSquare Mid Cap Growth Fund:

In our opinion, the accompanying statements of assets and liabilities, including the schedules of portfolio investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of TimesSquare Small Cap Growth Fund and TimesSquare Mid Cap Growth Fund (two of the series constituting Managers AMG Funds, hereafter referred to as the “Funds”) at December 31, 2009, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Funds’ management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Philadelphia, Pennsylvania  
February 22, 2010

## Trustees and Officers

The Trustees and Officers of the Trust, their business addresses, principal occupations for the past five years and dates of birth are listed below. The Trustees provide broad supervision over the affairs of the Trust and the Funds. The Trustees are experienced executives who meet periodically throughout the year to oversee the Funds' activities, review contractual arrangements with companies that provide services to the Funds, and review the Funds' performance. Unless otherwise noted, the address of each Trustee or Officer is the address of the Trust: 800 Connecticut Avenue, Norwalk, Connecticut 06854.

There is no stated term of office for Trustees. Trustees serve until their resignation, retirement or removal in accordance with the Trust's organizational documents and policies adopted by the Board from time to time. The Chairman of the Trustees, President, Treasurer and Secretary of the Trust are elected by the Trustees annually. Other officers hold office at the pleasure of the Trustees.

### Independent Trustees

The following Trustees are not "interested persons" of the Trust within the meaning of the 1940 Act:

Name, Date of Birth, Number of Funds Overseen in Fund Complex*	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
<b>Jack W. Aber</b> , 9/9/37 • Trustee since 1999 • Oversees 34 Funds in Fund Complex	Professor of Finance, Boston University School of Management (1972-Present); Trustee of Appleton Growth Fund (1 portfolio); Trustee of Third Avenue Trust (5 portfolios); Trustee of Third Avenue Variable Trust (1 portfolio).
<b>William E. Chapman, II</b> , 9/23/41 • Independent Chairman • Trustee since 1999 • Oversees 34 Funds in Fund Complex	President and Owner, Longboat Retirement Planning Solutions (1998-Present); Hewitt Associates, LLC (part time) (provider of Retirement and Investment Education Seminars) (resigned Nov. 2009); Trustee of Bowdoin College (2002-Present); Director of Harding, Loevner Funds, Inc. (6 portfolios); Trustee of Third Avenue Trust (5 portfolios); Trustee of Third Avenue Variable Trust (1 portfolio).
<b>Edward J. Kaier</b> , 9/23/45 • Trustee since 1999 • Oversees 34 Funds in Fund Complex	Attorney at Law and Partner, Teeters Harvey Gilboy & Kaier LLP (2007-Present); Attorney at Law and Partner, Hepburn Willcox Hamilton & Putnam, LLP (1977-2007); Trustee of Third Avenue Trust (5 portfolios); Trustee of Third Avenue Variable Trust (1 portfolio).
<b>Steven J. Paggioli</b> , 4/3/50 • Trustee since 2004 • Oversees 34 Funds in Fund Complex	Consultant (2001-Present); Formerly Executive Vice President and Director, The Wadsworth Group (1986-2001); Executive Vice President, Secretary and Director, Investment Company Administration, LLC (1990-2001); Vice President, Secretary and Director, First Fund Distributors, Inc. (1991-2001); Trustee, Professionally Managed Portfolios (22 portfolios); Advisory Board Member, Sustainable Growth Advisors, LP; Independent Director, Chase Investment Counsel (2008 - Present).
<b>Eric Rakowski</b> , 6/5/58 • Trustee since 1999 • Oversees 34 Funds in Fund Complex	Professor, University of California at Berkeley School of Law (1990-Present); Director of Harding, Loevner Funds, Inc. (6 portfolios); Trustee of Third Avenue Trust (5 portfolios); Trustee of Third Avenue Variable Trust (1 portfolio).
<b>Thomas R. Schneeweis</b> , 5/10/47 • Trustee since 2004 • Oversees 34 Funds in Fund Complex	Professor of Finance, University of Massachusetts (1977-Present); Director, CISDM at the University of Massachusetts, (1996-Present); President, Alternative Investment Analytics, LLC, (formerly Schneeweis Partners, LLC) (2001-Present); Partner, White Bear Partners, LLC (2007-Present); Partner, Schneeweis Capital Management, LLC (2007-Present); Partner, Schneeweis Associates, LLC (2007-Present); Partner, Northampton Capital Management, LLC (2004-Present); Partner, TRS Associates (2007-Present).

\* The Fund Complex consists of Managers AMG Funds, The Managers Funds, Managers Trust I and Managers Trust II.

### Interested Trustees

The following Trustees are "interested persons" of the Trust within the meaning of the 1940 Act. Mr. Dalton is an interested person by virtue of his positions with, and interest in securities of, Affiliated Managers Group, Inc. and his position with Managers Distributors, Inc. Mr. Streur is an interested person by virtue of his positions with Managers Investment Group LLC.

Name, Date of Birth, Number of Funds Overseen in Fund Complex*	Principal Occupation(s) During Past 5 Years and Other Directorships Held by Trustee
<b>Nathaniel Dalton</b> , 9/29/66 • Trustee since 2008 • Oversees 34 Funds in Fund Complex	Executive Vice President and Chief Operating Officer, Affiliated Managers Group, Inc., (2006-Present); Executive Vice President, Affiliated Managers Group, Inc., (2002 -2006); Executive Vice President and General Counsel, Affiliated Managers Group, Inc. (2001-2002); Senior Vice President and General Counsel, Affiliated Managers Group, Inc. (1996-2001). Director, Managers Distributors, Inc. (2000-Present).
<b>John H. Streur</b> , 2/6/60 • Trustee since 2008 • President since 2008 • Oversees 34 Funds in Fund Complex	Senior Managing Partner, Managers Investment Group LLC (2006-Present); President, Managers Distributors, Inc. (2006-Present); Managing Partner, Managers Investment Group LLC (2005-2006); Chief Executive Officer, President and Chief Operating Officer, The Burrige Group LLC (1996-2004).

### Officers

Name, Date of Birth, Position(s) Held with Fund and Length of Time Served	Principal Occupation(s) During Past 5 Years
<b>Christine C. Carsman</b> , 4/2/52 • Secretary since 2004	Senior Vice President and Chief Regulatory Counsel, Affiliated Managers Group, Inc. (2004-Present); Secretary, The Managers Funds, Managers AMG Funds and Managers Trust II (2004-Present); Senior Counsel, Vice President and Director of Operational Risk Management and Compliance, Wellington Management Company, LLP (1995-2004); Deputy General Counsel, The Boston Company, Inc. (1993-1995); Associate General Counsel, The Boston Company Advisors, Inc. (1991-1993); Associate, Sullivan & Worcester LLP (1987-1991).
<b>Donald S. Rumery</b> , 5/29/58 • Chief Financial Officer since 2007 • Treasurer since 1999	Senior Vice President, Managers Investment Group LLC (2005-Present); Director, Finance and Planning, The Managers Funds LLC, (1994-2004); Treasurer and Chief Financial Officer, Managers Distributors, Inc. (2000-Present); Treasurer, The Managers Funds (1995-Present); Treasurer, Managers Trust I and Managers Trust II (2000-Present); Secretary, Managers Trust I and Managers Trust II (2000-2004) and Secretary, The Managers Funds (1997-2004); Chief Financial Officer, The Managers Funds, Managers Trust I and Managers Trust II (2007-Present).
<b>Keitha L. Kinne</b> , 5/16/58 • Chief Operating Officer since 2007	Managing Partner and Chief Operating Officer, Managers Investment Group LLC (2007-Present); Chief Investment Officer, Managers Investment Group LLC (2008-Present); Chief Operating Officer, The Managers Funds, Managers Trust I and Managers Trust II (2007-Present); Managing Director, Legg Mason & Co., LLC (2006-2007); Managing Director, Citigroup Asset Management (2004-2006); Senior Vice President, Prudential Investments (1999-2004).
<b>David Kurzweil</b> , 6/22/74 • Assistant Secretary since 2008	Senior Vice President and Associate Counsel, Managers Investment Group LLC (2008-Present); Assistant Secretary, The Managers Funds, Managers Trust I, Managers Trust II, and Managers AMG Funds (2008-Present); Counsel and Senior Vice President, Lazard Asset Management LLC (2003-2008).

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**Investment Manager and Administrator**

Managers Investment Group LLC  
333 W. Wacker Drive  
Suite 1200  
Chicago, IL 60606  
(800) 835-3879

**Distributor**

Managers Distributors, Inc.  
333 W. Wacker Drive  
Suite 1200  
Chicago, IL 60606  
(800) 835-3879

**Subadvisor**

TimesSquare Capital Management LLC  
1177 Avenue of the Americas, 39<sup>th</sup> Floor  
New York, NY 10036

**Custodian**

The Bank of New York Mellon  
2 Hanson Place  
Brooklyn, New York 11217

**Legal Counsel**

Ropes & Gray LLP  
One International Place  
Boston, Massachusetts 02110-2624

**Transfer Agent**

PNC Global Investment Servicing (U.S.) Inc.  
Attn: Managers  
P.O. Box 9769  
Providence, Rhode Island 02940  
(800) 548-4539

# MANAGERS AND MANAGERS AMG FUNDS

## EQUITY FUNDS

### EMERGING MARKETS EQUITY

Rexiter Capital Management Limited  
Schroder Investment Management North  
America Inc.

### ESSEX GROWTH

### ESSEX LARGE CAP GROWTH

### ESSEX SMALL/MICRO CAP GROWTH

Essex Investment Management Co., LLC

### FQ TAX-MANAGED U.S. EQUITY

### FQ U.S. EQUITY

First Quadrant, L.P.

### GW&K SMALL CAP EQUITY

Gannett Welsh & Kotler, LLC

### INSTITUTIONAL MICRO-CAP

### MICRO-CAP

Lord, Abnett & Co. LLC

WEDGE Capital Management L.L.P.

Next Century Growth Investors LLC

RBC Global Asset Management (U.S.) Inc.

### INTERNATIONAL EQUITY

AllianceBernstein L.P.

Lazard Asset Management, LLC

Martin Currie Inc.

### CHICAGO EQUITY PARTNERS

### MID-CAP

Chicago Equity Partners, LLC

### REAL ESTATE SECURITIES

Urdang Securities Management, Inc.

### RENAISSANCE LARGE CAP GROWTH

Renaissance Group LLC

### SKYLINE SPECIAL EQUITIES

### PORTFOLIO

Skyline Asset Management, L.P.

### FRONTIER SMALL CAP GROWTH

Frontier Capital Management Company, LLC

### SPECIAL EQUITY

Ranger Investment Management, L.P.

Lord, Abnett & Co. LLC

Smith Asset Management Group, L.P.

Federated MDTA LLC

### SYSTEMATIC VALUE

### SYSTEMATIC MID CAP VALUE

Systematic Financial Management, L.P.

### TIMESQUARE MID CAP GROWTH

### TIMESQUARE SMALL CAP GROWTH

TimesSquare Capital Management, LLC

## BALANCED FUNDS

### CHICAGO EQUITY PARTNERS BALANCED

Chicago Equity Partners, LLC

## ALTERNATIVE FUNDS

### FQ GLOBAL ALTERNATIVES

### FQ GLOBAL ESSENTIALS

First Quadrant, L.P.

## INCOME FUNDS

### BOND (MANAGERS)

### FIXED INCOME

### GLOBAL BOND

Loomis, Sayles & Co., L.P.

### BOND (MANAGERS PIMCO)

Pacific Investment Management Co. LLC

### CALIFORNIA INTERMEDIATE TAX-FREE

Miller Tabak Asset Management LLC

### GW&K MUNICIPAL BOND

### GW&K MUNICIPAL ENHANCED YIELD

Gannett Welsh & Kotler, LLC

### HIGH YIELD

J.P. Morgan Investment Management LLC

### INTERMEDIATE DURATION GOVERNMENT

### SHORT DURATION GOVERNMENT

Smith Breeden Associates, Inc.

### MONEY MARKET

JPMorgan Investment Advisors Inc.

This report is prepared for the Funds' shareholders. It is authorized for distribution to prospective investors only when preceded or accompanied by an effective prospectus. To receive a free copy of the prospectus or Statement of Additional Information, which includes additional information about Fund Trustees, please contact us by calling 800.835.3879. Distributed by Managers Distributors, Inc., member FINRA.

A description of the policies and procedures each Fund uses to vote its proxies is available: (i) without charge, upon request, by calling 800.835.3879, or (ii) on the Securities and Exchange Commission's (SEC) Web site at [www.sec.gov](http://www.sec.gov). For information regarding each Fund's proxy voting record for the 12-month period ended December 31, call 800.835.3879 or visit the SEC Web site at [www.sec.gov](http://www.sec.gov).

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at [www.sec.gov](http://www.sec.gov). A Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330. To review a complete list of the Funds' portfolio holdings, or to view the most recent quarterly holdings report, semiannual report, or annual report, please visit [www.managersinvest.com](http://www.managersinvest.com).

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



**Managers**  
INVESTMENT GROUP



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