

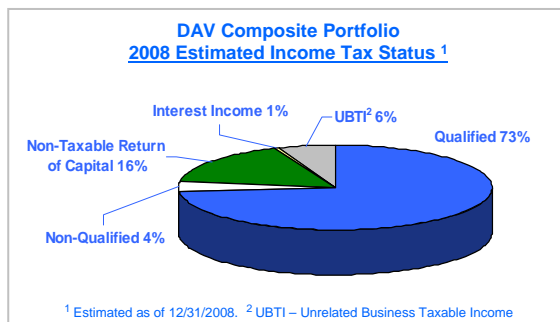


Dividends & Taxation: A Primer for Equity Income Investors

Equity income investment strategies vary greatly with regard to style and structure, but most present important tax issues that should be considered prior to investing. Listed below are some of the more common tax-related issues that investors should examine.

Qualified versus Non-Qualified Income

Under the *Jobs and Growth Tax Relief Reconciliation Act* of 2003, dividend income from most corporations is considered “qualified” and, therefore, subject to a maximum tax rate of 15%. Income that is not eligible for this favorable tax treatment is considered “non-qualified” and is taxed at the investor’s ordinary income tax rate. Non-qualified income is typically generated by companies that do not pay corporate taxes, such as REITs, MLPs, Royalty Trusts, and BDC-RICs. These companies, however, frequently offer the highest yields. As a result of the diversified securities held in the Dividend All-Cap Value (DAV) Composite strategy, the tax treatment of the income received by investors will vary over time. The chart above indicates the estimated aggregated tax status for the expected income generated by the holdings in the DAV strategy as of December 31, 2008. This may differ substantially from the actual experience as portfolio holdings change over time.



Capital Gains

Capital gains, or the taxable gains you receive from the profitable sale of a stock, are classified as either short-term (security held less than 12 months) or long-term (security held longer than 12 months). While long-term gains are taxed at a lower rate, it may be advantageous to sell a security prior to achieving long-term status. The most common circumstance for this at River Road is when a security exceeds its assessed Absolute Value price target. Similarly, an increase in short-term gains for a portfolio typically follows a period of rapid price appreciation. This is demonstrated in the chart to the right, which provides annual absolute returns and realized gains for the DAV Composite strategy from 2004 through 2008.

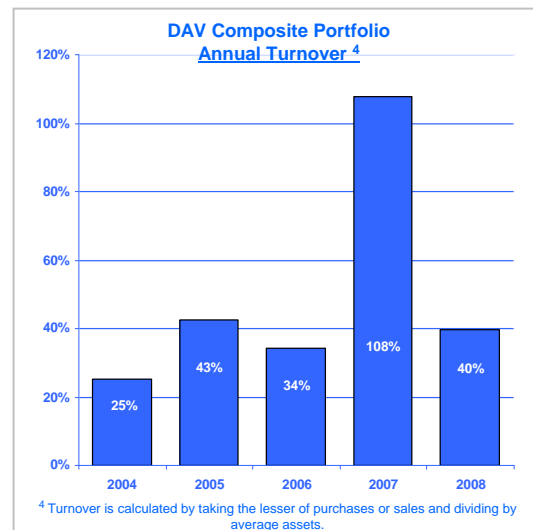
**DAV Composite Portfolio
Annual Returns & Realized Capital Gains/(Losses) ³**

	Annual Total Return (Gross)	Annual Total Return (Net)	Percentage Short-term	Percentage Long-term
2008	(27.39%)	(27.91%)	(65%)	(35%)
2007	1.92%	1.17%	59%	41%
2006	27.05%	26.17%	19%	81%
2005	10.50%	8.93%	(9%)	109%
2004	24.71%	24.25%	30%	70%

³ Performance shown gross and net of fees. Please see reverse side for performance disclosure. Past performance is no guarantee of future results.

Portfolio Turnover

Turnover is a measure of how frequently assets are bought and sold in a portfolio. Since investments are taxed based upon the time of sale, higher portfolio turnover typically creates a larger tax impact for investors. At River Road, portfolio turnover is primarily a function of our valuation discipline and how rapidly the overall value of the portfolio appreciates. As a rule of thumb, portfolio turnover less than 35% is considered low; turnover between 35% to 75% is moderate; and, turnover that consistently exceeds 75%-100%+ is considered high. The chart on the right provides turnover statistics for the DAV Composite strategy. We expect turnover for the DAV Composite strategy will range from 35-40% over time.



Other Tax Considerations

River Road's Dividend All-Cap Value Composite strategy regularly invests in Master Limited Partnerships. These securities have unique tax considerations. The chart below provides the number of securities held and the percentage of assets historically invested within these securities.

Investors that hold MLPs directly in their portfolio receive a K-1 tax document from each holding. This document is different from the tax form you receive from a corporation. The IRS has a later deadline for issuing a K-1 which can delay an investor's individual tax filing. This documentation is not necessary for investors that hold MLPs indirectly through a mutual fund or other commingled investment vehicle.

MLPs may also produce Unrelated Business Taxable Income (UBTI). This is income unrelated to the main function of the entity, but can account for a small portion of income. If an investor holds MLPs in an Individual Retirement Account (IRA), and they generate UBTI in excess of \$1,000, that income may be subject to taxation.

DAV Composite Portfolio Historical MLP Securities

	Avg. # of MLPs	Avg. % of Equity
2008	7	8.25%
2007	8	6.25%
2006	6	7.50%
2005	7	10.70%
2004	8	13.90%

The quantity of holdings is presented as an example of the quantity of securities in which the composite may be invested and may not be representative of current or future holdings. There is no assurance that MLPs may be purchased or may be held in the composite.

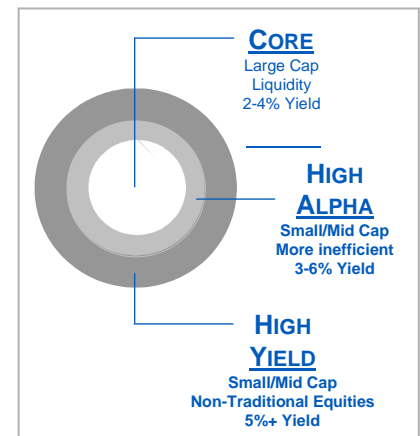
The Objective of River Road's Dividend All-Cap Value Strategy

River Road's Dividend All-Cap Value (DAV) strategy seeks to provide an attractive total return through the combination of long-term capital appreciation and high current income. This strategy was specifically designed to capture the broad and often unrecognized opportunities that exist among high income equity securities. The DAV investment process incorporates diversification that addresses the breadth of opportunities across: **1) Market Capitalization;** **2) Security Type;** **3) Industry Sector;** and, **4) Corporate Sovereignty.**

This diversification, combined with River Road's Absolute Value investment philosophy, results in a portfolio of equity securities that combines:

- The liquidity of large cap stocks, with;
- The high alpha potential of small and mid cap stocks, and;
- The high yield opportunities available outside of traditional common shares.

We believe the interaction of these three groups results in *balanced diversification, high current income,* and the opportunity for a *competitive total return.*



Disclosures

River Road Asset Management, LLC ("RRAM" or "the Firm") is a registered investment adviser formed in April 2005 and is employee owned. RRAM claims compliance with the Global Investment Performance Standards (GIPS®). The firm maintains a complete list and description of composites and a presentation that complies with the requirements of the GIPS® standards, which is available upon request by contacting Thomas D. Mueller, CPA, CFA at (502) 371-4100 or thomas.mueller@riverroadam.com. The Composite contains fully discretionary accounts that seek to provide high current income and long-term capital appreciation. Performance presented includes the re-investment of all income. The U.S. Dollar is the currency used to express performance. Prior to October 1, 2008, the composite was known as the Dynamic Equity Income Composite. The official benchmark for the composite was changed to the Russell 3000 Value from the Russell 3000 on July 1, 2007. River Road Asset Management, LLC determined that the Russell 3000 Value represents a more appropriate benchmark for the composite as determined by a process of evaluation which began once the Dividend All-Cap Value Composite completed its three-year track record in October 2006. All other indices are shown as additional information only.

Year End	Composite Assets		Annual Performance Results					
	USD (millions)	Number of Accounts	Composite Gross	Composite Net	Russell 3000 Value	Russell 3000	Lipper Equity Inc.	Composite Dispersion
2008	81	6	-27.39%	-27.91%	-36.25%	-37.31%	-35.40%	N.A.
2007	43	4	1.92%	1.17%	-1.01%	-5.14%	2.98%	N.A.
2006	22	2	27.05%	26.17%		15.72%	18.41%	N.A.
2005	6	2	10.50%	9.83%		6.12%	5.80%	N.A.
2004	<1	1	24.71%	24.25%		11.95%	13.02%	N.A.
2003*	<1	1	13.53%	13.30%		12.43%	12.74%	N.A.

* Results shown for the year 2003 represent partial period performance from October 1, 2003 through December 31, 2003.

Russell 3000 Value - Unmanaged index constructed to provide a comprehensive and unbiased barometer of the broad value market.

Upon formation, RRAM had an individual account assigned to it from its prior firm. Prior to the formation of RRAM, the principals of the company were primarily responsible for the management of the account, from October 1, 2003 to March 31, 2005. The investment objectives, policies and strategies for the prior firm are substantially similar to those of RRAM. The individual has provided authorization allowing RRAM use of the performance history and supporting records for this report.