



April 14, 2013

Dear Friends and Investors,

Stocks soared in Q1 as investors cheered the resolution of the fiscal cliff, positive momentum in the housing sector, and the enormous liquidity that continued to flow from the Federal Reserve and other global central banks. **The rally elevated most of the major U.S. equity indices to new, all-time highs**, including the Dow Jones Industrial Average, the Russell 2000 index and, on the final trading day of the quarter, the S&P 500.

Small cap stocks led large cap for the second consecutive quarter, with the Russell 2000 returning **+12.39%** versus **+10.96%** for the Russell 1000 and **+10.61%** for the S&P 500. The best performing size segment for Q1 was, once again, mid cap with the Russell Midcap index returning **+12.96%**. **Mid cap outperformance is rare over longer periods of time**. Contrary to trend, however, it has been the best performing size segment over the past 10 years. Style performance in Q1 was mixed as value outperformed among large and mid cap stocks but lagged among small.

Q1 2013 Composite Performance Summary ¹							
	Small Cap Value	SMID Cap Value	DAV	DAV II	Independent Value	Long-Short Equity	FAV
	Q1 2013	Q1 2013	Q1 2013	Q1 2013	Q1 2013	Q1 2013	Q1 2013
Gross	12.85%	13.63%	14.13%	14.11%	3.39%	7.18%	13.00%
Net	12.63%	13.41%	13.94%	13.95%	3.14%	6.86%	12.72%
Benchmark ²	11.63%	13.35%	12.26%	12.26%	11.63%	11.07%	12.26%
+ / -	+1.22%	+0.28%	+1.87%	+1.85%	-8.24%	-3.89%	+0.74%

River Road's **Small Cap Value** (SCV) and **Small-Mid Cap Value** (SMID) Strategies posted strong returns for Q1 2013, beating their respective benchmarks. Performance was driven by strong stock selection, supported by heightened M&A activity and (surprisingly given the strength of the rally) the broader outperformance of low beta, high quality stocks within the small cap universe.

The **Dividend All-Cap Value** (DAV and DAV II) Strategies were the firm's best performing investment strategies during the quarter in both absolute and relative terms. Performance was supported by strong stock selection and a tailwind for dividend-paying stocks. According to Ned Davis Research, **the stark performance differential between high yield and low yield stocks that dominated 2012 was absent in Q1**, with the highest yielding stocks in the S&P 500 (first quartile) returning **+11.4%**, versus **+10.8%** for the lowest yielding (fourth quartile).

We were pleased with the performance of our **Long-Short Equity** Strategy during the quarter, which captured **62%** of the **+11.07%** return for the Russell 3000 index with only 50% net market exposure. Additionally, **the Strategy delivered this return while exhibiting a beta of just 0.45 (0.35 since inception)**. We are further pleased with the Strategy outperforming its mutual and hedge fund peers by **+182 bps** and **+172 bps**, respectively.

The River Road **Independent Value** Strategy continued to achieve its absolute return objective, but lagged its benchmark during Q1. High cash levels in the Portfolio, which averaged **56%** during the quarter, contributed to poor relative performance. Additionally, the decision to increase allocations to out-of-favor industries, such as mining, has been a headwind to the Portfolio's performance. However, these actions are consistent with the Portfolio's objective of generating attractive absolute returns over a market cycle while avoiding permanent capital impairment.

River Road's **Focus All Cap Value** (FAV) Strategy performed well during Q1, returning **+13.00%** (+12.72% net) versus **+12.26%** for the Russell 3000 Value index. The FAV Strategy is managed by our analyst team, under the supervision of RRAM CEO, Andrew Beck, and Co-CIO, Thom Forsha. The FAV Strategy consists of **the analyst team's highest conviction picks from among all of the firm's existing Portfolio holdings**. The FAV Portfolio is **concentrated (20 to 30 holdings)**, **benchmark independent**, and **must remain fully invested at all times**. The Strategy was created as a learning tool to develop the portfolio management and leadership skills of our analyst team. To the credit of our analysts, it has also delivered fantastic investment results over the past four years, returning since inception (January 1,

¹ Please see the attached Market & Portfolio Commentary for important performance disclosures. Past performance is no guarantee of future results.

² Benchmarks: SCV – Russell 2000 Value; SMID – Russell 2500 Value; DAV – Russell 3000 Value; DAV II – Russell 3000 Value; Independent Value – Russell 2000 Value; Long-Short Equity – Russell 3000; Focus All-Cap Value – Russell 3000 Value



2009) **+24.60%** annualized (+23.36% net) versus **+15.37%** for the benchmark Russell 3000 Value index. Additionally, **it has generated that outperformance while exhibiting a beta of just 0.84.**

With regard to firm news, we are pleased to announce that **River Road was named one of the 'Best Places to Work in Kentucky' for the third consecutive year.** This award is based on a comprehensive survey conducted for the Kentucky Chamber of Commerce by Best Companies, an independent workplace excellence research firm. In a competition among hundreds of leading firms doing business in KY, River Road was named #2 among all small and mid-sized firms. We see River Road associates as extended family and are incredibly appreciative of their extraordinary contributions.

We hope you enjoy reading the attached Market Commentary and Outlook and welcome your questions and feedback. Thank you for your business.

R. Andrew Beck
President & CEO, Senior Portfolio Manager

James C. Shircliff, CFA
Chief Investment Officer

Henry W. Sanders, III, CFA
EVP & Senior Portfolio Manager



Disclosures:

River Road Asset Management, LLC ("RRAM" or "the Firm") is a registered investment adviser formed in April 2005 and is owned by Aviva Investors North America Holdings, Inc., a wholly-owned affiliate of UK-based Aviva PLC. This presentation may be presented by an employee of Aviva Investors, Aviva Investors North America, Inc., or another Aviva entity, which are affiliates of RRAM. 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.

For all composites, the U.S. Dollar is the currency used to express performance and performance includes the reinvestment of all income.

Small Cap Value Equity Composite Disclosures:

Inception date: January 1, 1998. The composite contains fully discretionary accounts that seek capital appreciation by investing primarily in small cap value domestic equity securities that trade at a discount to the firm's estimate of absolute value. For this composite, RRAM defines a small cap company as one whose market capitalization is less than \$3 billion. The Manager selects securities from a universe of companies with a market capitalization at the time of initial purchase between \$50 million and \$3 billion, employing a value-driven, bottom-up fundamental approach. The official benchmarks for the Small Cap Value Equity Composite are the Russell 2000 Value and Russell 2000. *Russell 2000 Value* – Unmanaged index constructed to provide a comprehensive and unbiased barometer of the small cap value market. *Russell 2000* – Unmanaged index that contains the 2,000 smallest common stocks in the Russell 3000, which contains the 3,000 largest stocks in the U.S. based on total market capitalization;

As of March 31, 2013, net of fees returns for the Small Cap Value Composite are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, 10 year, and Inception to Date periods: 4.08%, 12.63%, 12.63%, 18.22%, 11.96%, 6.24%, 13.19%, and 10.61%. As of March 31, 2013, returns for the Russell 2000 Value are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, 10 year, and Inception to Date periods: 4.16%, 11.63%, 11.63%, 18.09%, 12.12%, 7.29%, 11.29%, and 7.85%. As of March 31, 2013, returns for the Russell 2000 are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, 10 year, and Inception to Date periods: 4.62%, 12.39%, 12.39%, 16.30%, 13.45%, 8.24%, 11.52%, and 6.61%.

Performance presented prior to April 1, 2005 occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the only individuals primarily responsible for selecting the securities to buy and sell. A review of this track record for compliance with portability requirements of the GIPS® standards was conducted by Ashland Partners & Company.

Small-Mid Cap Value Equity Composite Disclosures:

Inception Date: March 1, 2007. The composite contains fully discretionary accounts that seek capital appreciation by investing primarily in small-mid cap value domestic equity securities that trade at a discount to the firm's estimate of absolute value. For this composite, RRAM defines a small to mid cap company as one whose market capitalization is less than \$6 billion. RRAM selects securities from a universe of companies with a market capitalization at the time of initial purchase between \$250 million to \$6 billion, employing a value driven, bottom-up fundamental approach. The official benchmark of the Small-Mid Cap Value Composite Portfolio is the Russell 2500 Value - Unmanaged index constructed to provide a comprehensive and unbiased barometer of the small to mid-cap value market.

As of March 31, 2013, net of fees returns for the Small-Mid Cap Value Composite are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year and Inception to Date periods: 4.29%, 13.41%, 13.41%, 21.44%, 14.26%, 8.24% and 4.99%. As of March 31, 2013, returns for the Russell 2500 Value are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year and Inception to Date periods: 4.49%, 13.35%, 13.35%, 21.17%, 14.16%, 8.81% and 4.23%.

Dividend All-Cap Value Composite (DAV) and Dividend All-Cap Value II Composite (DAV II) Disclosures:

Inception Date DAV: October 1, 2003. Inception Date DAV II: January 1, 2011. The composites contain fully discretionary accounts that seek to provide long term capital appreciation and high current income by investing primarily in a diversified, all-cap basket of income producing equity securities that trade at a discount to the firm's estimate of absolute value. The composites are primarily invested in dividend-paying common stocks. The composites may also be invested in a broad range of foreign stocks, publicly traded partnerships, convertible preferred stocks, Real Estate Investment Trusts ("REITs"), investment companies, and royalty income trusts. For the DAV II Composite only, the securities must have a market capitalization of typically at least \$1 billion at the time of initial purchase. RRAM employs a value-driven, bottom-up approach. The official benchmark for the composites is the Russell 3000 Value - Unmanaged index constructed to provide a comprehensive and unbiased barometer of the broad value market.

As of March 31, 2013, net of fees returns for the Dividend All-Cap Value Composite are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, and Inception to Date periods: 5.29%, 13.94%, 13.94%, 17.63%, 14.09%, 7.22%, and 11.06%. As of March 31, 2013, returns for the Russell 3000 Value are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, and Inception to Date periods: 3.98%, 12.26%, 12.26%, 18.71%, 12.70%, 5.05%, and 7.71%.

As of March 31, 2013, net of fees returns for the Dividend All-Cap Value II Composite are as follows for the month, QTD, YTD, 1 year, and Inception to Date periods: 5.36%, 13.95%, 13.95%, 16.95%, and 12.77%. As of March 31, 2013, returns for the Russell 3000 Value are as follows for the month, QTD, YTD, 1 year, and Inception to Date periods: 3.98%, 12.26%, 12.26%, 18.71%, and 13.09%.

Performance for the DAV Composite presented prior to April 1, 2005 occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the only individuals primarily responsible for selecting the securities to buy and sell. A review of this track record for compliance with portability requirements of the GIPS® standards was conducted by Ashland Partners & Company.

Independent Value Composite Disclosures:

Inception Date: November 1, 1998. The composite contains fully discretionary accounts that seek attractive absolute returns over a market cycle by primarily investing in small cap equity securities that trade at a discount to the firm's estimate of absolute value. For this composite, RRAM defines a small cap company as one whose market capitalization is less than \$5 billion. The Manager selects securities from a universe of companies with a market capitalization at the time of initial purchase between \$100 million and \$5 billion, employing a value-driven, bottom-up fundamental approach. The official benchmark for the Independent Value Equity Composite is the Russell 2000 Value – Unmanaged index constructed to provide a comprehensive and unbiased barometer of the small cap value market.

As of March 31, 2013, net of fees returns for the Independent Value Composite are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, 10 year, and Inception to Date periods: 1.98%, 3.14%, 3.14%, 7.94%, 10.58%, 12.64%, 11.64%, and 10.55%. As of March 31, 2013, returns for the Russell 2000 Value are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, 10 year, and Inception to Date periods: 4.16%, 11.63%, 11.63%, 18.09%, 12.12%, 7.29%, 11.29%, and 9.26%.

The Independent Value Equity Composite was created September 1, 2010. Performance presented prior to September 1, 2010 occurred while the portfolio manager was affiliated with a prior firm and the portfolio manager was the only individual primarily responsible for selecting securities to buy and sell for the relevant strategy composite. A review of this track record for compliance with portability requirements of the GIPS® standards was conducted by Ashland Partners.

Long-Short Equity Composite Disclosures:

Inception date: July 1, 2010. The composite contains a fully discretionary account that seeks equity-like returns with reduced volatility over a full market cycle by investing primarily in long equity securities that trade at a discount to the firm's estimate of absolute value and selling short equity securities that trade a premium to the firm's estimate of Absolute Value. The composite will invest in short securities. The long and short portfolios will typically represent 50-100% and 10-90% of the total composite, respectively. Additionally, the composite may use options, futures, and other derivatives but these will not represent a significant portion of the composite. The official benchmark for the Long-Short Equity Composite is the Russell 3000 - Unmanaged index that contains the 3,000 largest stocks in the U.S. based on total market capitalization.

As of March 31, 2013, net of fees returns for the Long-Short Equity Composite are as follows for the month, QTD, YTD, 1 year, and Inception to Date periods: 1.19%, 6.86%, 6.86%, 11.51%, and 13.73%. As of March 31, 2013, returns for the Russell 3000 are as follows for the month, QTD, YTD, 1 year, and Inception to Date periods: 3.92%, 11.07%, 11.07%, 14.56%, and 19.33%.

Focus All-Cap Value Composite Disclosures:

Inception Date: January 1, 2009. The Focus All-Cap Value strategy invests in high conviction holdings chosen from a universe consisting of companies held in other RRAM strategies. Investment decisions for the Focus All-Cap Value strategy are made by members of RRAM's analyst team. RRAM portfolio managers provide oversight of the investment decisions, but generally RRAM analysts are determining the timing of purchases and sells, sizing of positions, and the make-up of the portfolio. The team of analysts involved with the investment decision making for the strategy may change over time.

The composite contains fully discretionary accounts that seek capital appreciation by investing primarily in equity securities that trade at a discount to the firm's estimate of absolute value. The clients for these accounts are current employees of RRAM. For this composite, RRAM selects securities from a universe of companies that are held by other RRAM strategies, which typically includes all market capitalizations. RRAM employs a value-driven, bottom-up fundamental approach. The official benchmark for the composite is the Russell 3000 Value -Unmanaged index constructed to provide a comprehensive and unbiased barometer of the broad value market.

As of March 31, 2013, net of fees returns for the Focus All-Cap Value Composite are as follows for the month, QTD, YTD, 1 year, 3 year, and Inception to Date periods: 5.13%, 12.72%, 12.72%, 19.32%, 18.81%, and 23.36%. As of March 31, 2013, returns for the Russell 3000 Value are as follows for the month, QTD, YTD, 1 year, 3 year, and Inception to Date periods: 3.98%, 12.26%, 12.26%, 18.71%, 12.70%, and 15.37%.