



April 9, 2015

Dear Friends and Investors,

It was a bumpy quarter for equity investors. Early in the period stocks were weak as plunging oil prices, a stronger dollar, and bad weather weighed on earnings and overall economic growth. However, **as oil prices began to stabilize in February, so too did stock prices.** In mid-March, stocks (particularly small cap) surged on dovish commentary from the Federal Reserve, as expectations for the first rate hike were pushed out from the first half of 2015 to the second half.

Most of the major equity indices delivered positive returns for the quarter. Small cap stocks led large cap for the second consecutive quarter, with the Russell 2000 returning **+4.32%** versus **+1.59%** for the Russell 1000 and **+0.95%** for the S&P 500. The Russell Midcap index returned **+3.95%**. The small-mid cap outperformance favored many of River Road's all-cap strategies, which tend to have more small-mid cap exposure than their relevant benchmarks. From a style perspective, growth stocks sharply outperformed value across all market caps.

Composite Performance Summary ¹							
	Small Cap Value	Small-Mid Cap Value	Dividend All-Cap Value	Dividend All-Cap Value II	Focused Absolute Value	Independent Value	Long-Short Equity
	Q1 2015	Q1 2015	Q1 2015	Q1 2015	Q1 2015	Q1 2015	Q1 2015
Gross	2.84%	3.61%	0.85%	0.25%	1.46%	-0.68%	0.68%
Net	2.65%	3.43%	0.68%	0.15%	1.20%	-0.93%	0.37%
Benchmark ²	1.98%	3.02%	-0.51%	-0.51%	-0.51%	1.98%	1.80%
+ / -	+0.86%	+0.59%	+1.36%	+0.76%	+1.97%	-2.66%	-1.12%

It was a good quarter for River Road's traditional, specialized, and derived strategies, with all outperforming their respective benchmarks. The top-performing strategy from a relative perspective was **Focused Absolute Value (FAV)**. The FAV Strategy is a concentrated portfolio (20 to 30 holdings) of the River Road analyst team's highest conviction recommendations from among the firm's existing portfolio holdings.³ The FAV Strategy's differentiated portfolio management structure and opportunistic approach are atypical among more traditional all-cap investment strategies, but we believe **the Portfolio's remarkable six-year track record supports the effectiveness of its unique design.** In Q1, the FAV Strategy benefited from strong performance by mid cap holdings in the Financials and Information Technology sectors, the latter of which was the weakest performing group in the benchmark.

River Road's **Dividend All-Cap Value Strategies** (including DAV and DAV II) also outperformed the benchmark in Q1. **Relative performance was driven by strong stock selection,** with the most significant impacts coming from the Financials and Consumer Discretionary sectors. **The Portfolios' current bias toward lower yielding, more attractively-priced dividend payers also aided performance,** as higher yielding stocks and sectors (including Utilities) delivered negative returns. The DAV Strategy modestly outperformed DAV II, primarily due to the Strategy's greater exposure to small cap stocks.

The River Road Small Cap Value (SCV) and Small-Mid Cap Value (SMID) Strategies also delivered attractive relative performance in Q1. Performance was volatile during the quarter with the Portfolios strongly outperforming through February and then lagging in March as the index rebounded to new highs. For both strategies, outperformance was driven by strength in the Industrials and Financials sectors.

Performance was more challenging for the firm's alternative strategies. The **Long-Short Equity Strategy** delivered a positive return for Q1 but lagged its benchmark. Relative underperformance in the long portfolio (+1.12%) and the Strategy's average net market exposure of just 58% offset relative outperformance in the short portfolio (+1.39%).⁴ **The Strategy's value bias also created headwinds, with the Russell 3000 Value index (-0.51%) sharply underperforming the core index (+1.80%).**

¹ Please see the attached 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; FAV – Russell 3000 Value; Independent Value – Russell 2000 Value; Long-Short Equity – Russell 3000.

³ The target number of portfolio holdings is a working guideline. The actual number may vary depending on market conditions and other factors. Focused Absolute Value may continue to hold a stock that has been sold out of all other River Road strategies.

⁴ Long and short portfolio performance is gross of fees and based on a representative portfolio within the Strategy. Shown as supplemental information to the Long-Short Equity Composite.



The River Road **Independent Value Strategy**[®] also lagged its benchmark during the quarter. **The Strategy remained defensively positioned with a record high cash position** as the Strategy's target universe of approximately 300 high-quality small cap stocks remained overvalued. **Furthermore, the Portfolio's contrarian positioning in out-of-favor stocks and sectors increased**, as more than two-thirds of the Portfolio's equities are currently in a bear market – a sharp contrast to a small cap market that continues to make new highs. While this positioning allowed the Strategy to deliver positive absolute and relative returns in January when markets were negative, it caused the Portfolio to lag during the index's strong rebound in February and March. The Independent Value Portfolio's high cash level and out-of-favor equity holdings are consistent with the Strategy's positioning at similar points in past market cycles which, historically, **have proven crucial to successfully achieving the Strategy's objective of attractive long-term absolute returns**.

From a firm perspective, **River Road celebrated its 10th anniversary on April 1, 2015**. When we formed River Road in 2005, we were driven by our strong desire to build a firm focused exclusively on our Absolute Value™ investment approach. We also wanted to create a unique and enduring culture where the committed practitioners of this investment approach could innovate and thrive. From early on, we presented to prospective clients and their advisors a 10-year vision for creating a boutique investment firm consisting of no more than four to five investment teams, 35 to 50 employees, and \$7 to \$10 billion in assets under management. **Thanks to the remarkable support of our clients, business partners, and associates, we were able to realize our dream and achieve that vision. Thank you!**

So what is our vision for the next 10 years? That is simple – **deliver upon our portfolio objectives, execute the River Road mission, and uphold the firm's operating principles of Collective Success**.

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

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EVP & Senior Portfolio Manager



Disclosures:

River Road Asset Management, LLC ("RRAM") is a registered investment adviser formed in April 2005 and is partially owned by Affiliated Managers Group, Inc. This presentation may be presented by an employee of Affiliated Managers Group, Inc., AMG Funds, or Aston Asset Management, LLC, 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, 2015, 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: -0.71%, 2.65%, 2.65%, 0.78%, 12.34%, 10.98%, 8.11%, and 10.48%. As of March 31, 2015, 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: 1.69%, 1.98%, 1.98%, 4.43%, 14.79%, 12.54%, 7.53%, and 8.45%. As of March 31, 2015, 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: 1.74%, 4.32%, 4.32%, 8.21%, 16.27%, 14.57%, 8.82%, and 7.69%.

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 \$10 billion. RRAM selects securities from a universe of companies with a market capitalization at the time of initial purchase between \$250 million to \$10 billion, employing a value driven, bottom-up fundamental approach. The official benchmark for 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, 2015, 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: -0.71%, 3.43%, 3.43%, 2.64%, 12.75%, 11.98%, and 5.88%. As of March 31, 2015, 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: 1.02%, 3.02%, 3.02%, 6.58%, 16.29%, 14.06%, and 6.55%.

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, 2015, 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, 10 year, and Inception to Date periods: -1.08%, 0.68%, 0.68%, 10.15%, 14.93%, 13.89%, 9.56%, and 11.49%. As of March 31, 2015, returns for the Russell 3000 Value are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, 10 year, and Inception to Date periods: -1.13%, -0.51%, -0.51%, 8.94%, 16.30%, 13.66%, 7.24%, and 8.96%.

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.

As of March 31, 2015, net of fees returns for the Dividend All-Cap Value II Composite are as follows for the month, QTD, YTD, 1 year, 3 year, and Inception to Date periods: -1.09%, 0.15%, 0.15%, 10.48%, 14.89%, and 13.29%. As of March 31, 2015, returns for the Russell 3000 Value are as follows for the month, QTD, YTD, 1 year, 3 year, and Inception to Date periods: -1.13%, -0.51%, -0.51%, 8.94%, 16.30%, and 14.04%.

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, 2015, 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: -1.44%, -0.93%, -0.93%, -3.20%, 3.07%, 6.52%, 8.19%, and 9.30%. As of March 31, 2015, 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: 1.69%, 1.98%, 1.98%, 4.43%, 14.79%, 12.54%, 7.53%, and 9.72%.

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, 2015, net of fees returns for the Long-Short Equity Composite are as follows for the month, QTD, YTD, 1 year, 3 year, and Inception to Date periods: -1.74%, 0.37%, 0.37%, 2.22%, 6.87%, and 9.80%. As of March 31, 2015, returns for the Russell 3000 are as follows for the month, QTD, YTD, 1 year, 3 year, and Inception to Date periods: -1.02%, 1.80%, 1.80%, 12.37%, 16.43%, and 18.50%.

Focused Absolute Value Composite Disclosures:

Inception Date: January 1, 2009. **The team of analysts involved with recommending investments for Focused Absolute Value has changed and may continue to change over time.** The supervising portfolio managers may not have historically approved all trades prior to execution. Fully invested is as defined by RRAM and this standard may change over time. Prior to September 30, 2014, the composite was known as the Research Fund Composite.

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, 2015, net of fees returns for the Focused Absolute Value Composite are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, and Inception to Date periods: -1.68%, 1.20%, 1.20%, 12.21%, 17.88%, 18.15%, and 21.34%. As of March 31, 2015, 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: -1.13%, -0.51%, -0.51%, 8.94%, 16.30%, 13.66%, and 15.29%.

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