

Focused Absolute Value™

A HIGH CONVICTION STRATEGY | QUARTERLY UPDATE AS OF MARCH 31, 2016



Investment Objective

Long-term Total Return = Russell 3000 Value index plus a minimum of +200 bps

Strategy Highlights

Focused Absolute Value™ is a concentrated, all cap value strategy composed of what we believe are the 20 to 30 “best ideas” recommended by River Road analysts from the broader universe of firm holdings.¹

The Strategy combines the firm’s proven investment processes, with the stock picking skills of River Road portfolio managers and collective insights and opinions of the firm’s analyst team.

The Strategy seeks to remain fully invested at all times, is index independent, and is highly opportunistic. The minimum market cap for investment is \$250 MM (at the time of initial purchase).

Portfolio Managers



R. Andrew Beck

17 years of experience;
managed Portfolio since inception

University of Louisville, BS
Babson College, MBA

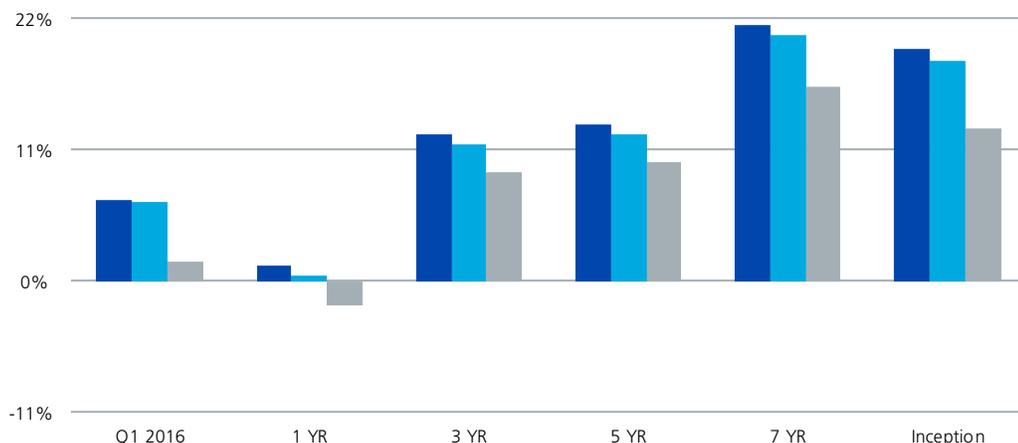


Thomas S. Forsha, CFA

18 years of experience;
managed Portfolio since inception

The Ohio State University, BS
University of Chicago, MBA

Performance Summary



	Q1 2016	1 YR	3 YR	5 YR	7 YR	Inception
FAV Composite - Gross	6.83%	1.25%	12.35%	13.15%	21.51%	19.37%
FAV Composite - Net	6.64%	0.51%	11.52%	12.31%	20.56%	18.43%
Russell 3000 Value	1.64%	-2.05%	9.08%	9.95%	16.25%	12.72%
Out / Underperformance	+5.19%	+3.30%	+3.27%	+3.20%	+5.26%	+6.65%

Performance is shown gross and net of fees as of March 31, 2016. Inception date: January 1, 2009. Out/underperformance compares Focused Absolute Value™ gross performance and Russell 3000 Value. ¹If a holding is liquidated from all RRAM portfolios, the stock must be sold from the Focused Absolute Value™ Portfolio within a reasonable period of time (as defined by the supervising portfolio managers). Source: River Road Asset Management LLC and Russell Investment Group. Past performance is no guarantee of future results. Please see reverse side for important disclosure information.

Portfolio Review

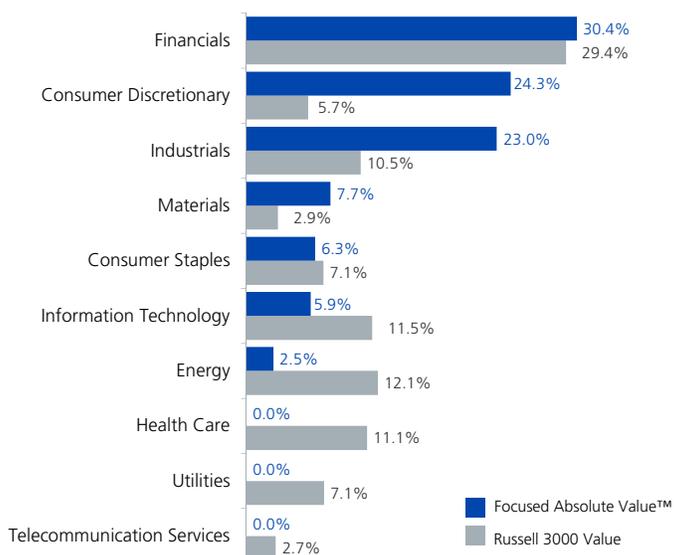
In Q1, the Portfolio delivered its **third-highest quarterly relative return since inception**. The Portfolio performed well throughout the quarter, delivering +244 bps of gross outperformance (+240 bps net) through the market’s decline and +519 bps of gross outperformance (+500 bps net) by quarter end. **Stock selection was largely positive across sectors**, led by Financials (+256 bps), which offset the lack of exposure to Utilities and Telecommunication Services (collectively a relative headwind of -121 bps), the top two performing sectors in the benchmark. Similarly, **the Portfolio outperformed across the market cap spectrum**, led by small caps.

The top contributing holding in the Portfolio during Q1 was **Carmike Cinemas Inc. (CKEC)**, the fourth-largest theatrical exhibitor in the United States. We identified Carmike’s operating margin expansion, record 2015 box office results, and industry consolidation as supporting evidence for our involvement in the stock. The stock advanced in late February when Q4 results confirmed not only a record box office, but also that CKEC outperformed the industry on admissions growth, massively leveraging its operating costs. Shortly thereafter, **AMC Theatres announced it would acquire CKEC for \$30/share in cash**.

The bottom contributor during the quarter was **American Express Co. (AXP)**, a global provider of charge and credit card products. In January, AXP reported disappointing results and guidance as **the company struggles to cope with the loss of its relationship with Costco Wholesale Corp.** We introduced American Express into the Portfolio last summer with the belief that the non-renewal as Costco’s sole credit card provider was priced into the stock. In an effort to replace the lost Costco business, AXP is investing heavily in a series of growth initiatives, but early results have been disappointing. **The growth initiatives are generating less revenue than expected and are eroding margins.** Management decided to extend investment in the growth initiatives through 2016 leading to disappointing guidance for both 2016 and 2017.

We believe the relative fundamentals of the Portfolio remain attractive. According to FactSet, from a quality perspective, the Portfolio’s return on equity (five-year average) is **15.2%** versus **11.9%** for the index and price/cash flow for the Portfolio stands at **11.8x** compared to **12.3x**. We continue to focus on investing in what we believe are the best risk/reward ideas available to us across the firm. We believe the quality and attractive valuations in the Portfolio continue to position the Strategy to thrive in an environment of elevated risk and volatility.

Sector Weightings



Portfolio Contribution

Top Contributors		Average Weight	Contribution to Return
CKEC	Carmike Cinemas Inc.	2.92%	+1.14%
DLB	Dolby Laboratories Inc. (CI A)	3.71%	+1.11%
IRM	Iron Mountain Inc.	4.02%	+1.09%
TFM	Fresh Market Inc.	3.23%	+0.84%
EMR	Emerson Electric Co.	3.94%	+0.65%

Bottom Contributors		Average Weight	Contribution to Return
AXP	American Express Co.	1.34%	-1.16%
RL	Ralph Lauren Corp. (CI A)	4.05%	-0.72%
HAWK	Blackhawk Network Holdings Inc. (CI A)	2.80%	-0.67%
CUB	Cubic Corp.	3.57%	-0.61%
LVNTA	Liberty Interactive Corp. Ventures Series A	3.09%	-0.59%

Data as of March 31, 2016. Totals may not sum due to rounding. ¹Excludes negative earnings. ²Risk characteristics based on trailing 60 month gross of fee composite performance. ³Average annual turnover since inception (January 1, 2009); partial periods excluded from average. Source: River Road Asset Management LLC, FactSet Research Systems Inc., and Russell Investment Group.

Portfolio contribution calculated for the Q1 2016 period. To receive information regarding the methodology for calculating the top/bottom contributors or a list showing every holding's contribution to the overall Focused Absolute Value™ Composite and/or representative portfolio performance contact thomas.mueller@riverroadam.com. The holdings identified do not represent all of the securities purchased, sold, or recommended. Past performance is no guarantee of future results.

Representative Portfolios - Unless otherwise noted as Composite, the data presented is based on representative portfolios within the Focused Absolute Value™ Strategy. Since no single representative portfolio is available to represent the strategy since inception, data for historical periods combines two or more representative portfolios, using the same criteria, within the Focused Absolute Value™ Strategy to create a continuous representative portfolio. All representative portfolio data is shown as supplemental information to the Focused Absolute Value™ Composite presentation.

River Road Asset Management, LLC ("RRAM") is a registered investment adviser formed in April 2005 and is majority 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. The Focused Absolute Value™ Composite contains fully discretionary accounts that seek capital appreciation by investing primarily in equity securities that trade at a discount to our assessed valuation as determined using RRAM's proprietary Absolute Value® approach. 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 U.S. Dollar is the currency used to express performance. Performance includes the reinvestment of income.

The official benchmark for the Focused Absolute Value™ Composite is the Russell 3000 Value. All other indexes are shown for additional information only. Russell 3000 Value - Unmanaged index constructed to provide a comprehensive and unbiased barometer of the broad value market. **The team of analysts involved with recommending investments for Focused Absolute Value™ has changed and may continue to change over time.**

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in our composite at the time you receive this report or that securities sold have not been repurchased. Characteristics and sector weightings may not be indicative of this strategy's current or future investments. It should not be assumed that any of the holdings discussed herein were or will be profitable or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. This information is shown as supplemental information only and complements the full disclosure presentation.

Sector, Industry Group, Industry, or Sub-industry group levels are provided from the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI, Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"), unless otherwise stated that they have been reclassified or classified by RRAM. Reclassifications/classifications by RRAM are not supported by S&P or MSCI. All GICS data is provided "As Is" with no warranties. RRAM does classify securities that are not automatically classified by MSCI and S&P.

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Portfolio Characteristics

	FAV	R3000V
Number of Holdings	27	2,009
Price / Earnings ¹	19.6	17.9
Price / Cash Flow	11.8	12.3
Price / Book	2.29	1.77
ROE (5 YR Avg)	15.2	11.9
EPS Growth (5 YR)	6.4	5.9
LT Growth Forecast	8.3	7.3
Annualized Standard Deviation ²	13.49	12.73
Annualized Alpha ²	2.97	
Beta ²	1.01	
Turnover ³	136.08%	

Market Capitalization Breakdown

	FAV	R3000V
Wtd Median Market Cap	\$7.17 B	\$44.77 B
Wtd Avg Market Cap	\$62.22 B	\$101.32 B
Large Cap > \$15.0 B	43.4%	72.4%
Mid Cap \$2.0 - \$15.0 B	38.4%	22.2%
Small Cap < \$2.0 B	18.2%	5.4%

Top 10 Holdings

Symbol	Company	% of Portfolio
BRK.B	Berkshire Hathaway Inc. (CI B)	7.64%
UNF	UniFirst Corp.	4.59%
OAK	Oaktree Capital Group LLC (CI A)	4.42%
TWX	Time Warner Inc.	4.39%
WFC	Wells Fargo & Co.	4.16%
IRM	Iron Mountain Inc.	4.08%
CUB	Cubic Corp.	3.92%
PX	Praxair Inc.	3.87%
CMCSA	Comcast Corp. (CI A)	3.86%
SP	SP Plus Corp.	3.79%

