RIVER ROAD
ASSET MANAGEMENT®

April 15, 2016

Dear Friends and Investors,

Investors were reminded in Q1 just how fickle markets can be. **The first six weeks of 2016 marked one of the weakest starts to a calendar year on record, as plunging oil prices, weak earnings growth, and a slowdown in global economic growth fueled recession fears in the United States**. By February 11, the S&P 500 had fallen **-13%** from its May 2015 peak. Small cap stocks fared even worse, with the Russell 2000 index plunging **-26%** from its recent peak – the index's lowest level in 32 months.

The downward spiral sharply reversed on February 12 amid dovish comments from the Federal Reserve, a modest rebound in oil prices, and improved economic data. **The most beaten-down sectors (notably Energy and Materials) led the reversal, propelling one of the most profound intra-quarter rebounds on record**. For the quarter, the S&P 500 and Russell 1000 returned **+1.35%** and **+1.17%**, respectively, versus **-1.52%** for the Russell 2000.

Q1 2016 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
Gross	**5.69%**	**7.98%**	**7.78%**	**7.81%**	**6.83%**	**6.09%**	**0.27%**
Net	**5.48%**	**7.82%**	**7.61%**	**7.70%**	**6.64%**	**5.82%**	**-0.03%**
Benchmark[2]	1.70%	3.33%	1.64%	1.64%	1.64%	1.70%	0.97%
+ / -	**+3.99%**	**+4.65%**	**+6.14%**	**+6.17%**	**+5.19%**	**+4.39%**	**-0.70%**

River Road Portfolios shined amid the volatility with nearly every strategy *significantly* outperforming its respective benchmark. Additionally, outperformance came in a challenging period for many active managers. According to Bank of America/Merrill Lynch, only **19% of large cap managers outperformed the S&P 500 index in Q1, the lowest quarterly percentage since BofA began gathering the data in 1998**. From a style perspective, only **6%** of growth managers outperformed the index and the group lagged by **-3.5%**, both record lows (dating back to 1991). Core and value performed better, with **29%** and **20%** outperforming, respectively.

It appears large cap managers suffered from owning non-earners, momentum, and crowded names. Following several years of poor performance, combined with large cap allocations increasingly moving to passive, many managers have been chasing what has worked more recently. Over the years, we have observed that this herd mentality is very common near market tops. At River Road, whether investing in large cap or small, **we believe the disciplined execution of an investment strategy that emphasizes compelling value, attractive business models, shareholder-oriented management teams, financial strength, and companies that are not yet in the Wall Street spotlight, outperforms over time**. This is the very foundation for River Road's proprietary Absolute Value® approach and what our team has practiced for nearly 20 years.

Top marks for the quarter go to River Road's **Dividend All-Cap Value Strategies** (including DAV and DAV II), which outperformed their respective benchmark by more than **+600 bps** gross of fees! **This is the first quarter since 2004 that DAV has outperformed by more than +500 bps when the benchmark return was positive**. Expectedly, the macro environment was extremely favorable for the Strategy as high quality and dividend stocks significantly outperformed across all market caps. Further, both strong stock selection and sector allocation drove the Portfolio's attractive relative results.

River Road's **Small Cap Value (SCV)** and **Small-Mid Cap Value (SMID) Strategies** also posted terrific performance in Q1, extending what has been **a banner 12-month period**. Outperformance of both Strategies was driven primarily by strong stock selection and supported by favorable trends for high quality, low volatility small cap stocks. Another key driver was elevated M&A activity in the Portfolios. Since mid-2015, **the SCV Strategy has recorded five significant M&A events, while the SMID Strategy has experienced a record eight events**.

River Road's **Focused Absolute Value™ (FAV) Strategy** significantly outperformed the benchmark during the quarter. Strong stock selection drove the Strategy's relative outperformance of **+519 bps** led by the Portfolio's financial and small

[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.

cap holdings. Stock selection was largely positive across sectors, more than offsetting the lack of exposure to Utilities and Telecommunication Services, the top two performing sectors in the benchmark. Similarly, the Portfolio outperformed across the market cap spectrum.

Among the firm's alternative strategies, River Road's **Independent Value Strategy®** also significantly outperformed its benchmark during the quarter. **Although the Strategy's large cash position was a headwind, strong equity performance generated attractive absolute and relative returns**. The majority of relative outperformance came from the Portfolio's positions in the Materials sector (precious metals miners), which appreciated by +63% during the quarter. The Portfolio's contrarian equity holdings and large cash position are not unusual during the later stages of a market cycle and are considered critical to achieving the long-term absolute return goal.

River Road's **Long-Short Equity Strategy** delivered a positive absolute return for Q1, but lagged its baseline return objective (50% of the Russell 3000 return). Strong outperformance in the long portfolio was not enough to offset short portfolio underperformance and the cost of the Strategy's 'Drawdown Plan.' The Drawdown Plan is a systematic method to help protect capital from significant market declines. Unfortunately, shallow corrections accompanied by abrupt reversals, like the unusual one experienced this quarter, can result in reduced market exposure near the bottom of a correction which reduces returns during a rapid recovery.

From a firm perspective, **business development activity has picked up meaningfully over the past few months**. We believe this is the result of several drivers, including: strong investment performance; renewed interest in River Road's core characteristics of quality and low volatility, as well as renewed interest in dividend-paying strategies; the commercialization of FAV (and its strong fit within a core/satellite allocation); and, finally, a possible inflection in the movement from active to passive management.

Whether the passive trend has actually crested, we have detected a distinct change in the tone of advisors and clients on the topic. We think this may be occurring because the shift from active to passive has largely taken place. According to FMMI Inc., **investors have pulled -$1.8 T from active U.S. equities since 2008, a sum that equates to more than a third of assets under management**. Index funds took in $800 B over the same span with most going into retail ETFs. This has reduced the allocation to U.S. equities by corporate pension plans from 30% to 12.5% in just eight years, with half of the proceeds redirected into index products.

This shift toward passive has been a significant headwind for the business development efforts of most firms, including River Road. However, unless you believe the active equity allocation will be zero, which we do not, the majority of that transition is behind us. Further, **the shrinkage in our competitive universe of active equity managers should expand our ability to compete within what is effectively a fixed alpha pool**. Indeed, this trend may already be occurring for River Road and other managers that thoughtfully seek to avoid index-like management. Finally, as the current equity cycle winds down and eventually begins anew, we think the big winners will not be index investors, but rather **investors that employ highly *active*, highly *differentiated*, and highly *disciplined* managers with long track records of alpha generation – characteristics demonstrated by River Road and embodied within our proprietary Absolute Value® investment approach**.

Thank you for believing in us! We hope you enjoy reading River Road's portfolio commentary and outlook and welcome your questions and feedback.

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Disclosures:

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.

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

Small Cap Value 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 our assessed valuation as determined using RRAM's proprietary Absolute Value® approach. For this composite, RRAM defines a small cap company as one whose market capitalization is less than $3 B. The Manager selects securities from a universe of companies with a market capitalization at the time of initial purchase typically between $50 MM and $3 B, 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, 2016, 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: 8.80%, 5.48%, 5.48%, 2.00%, 6.95%, 8.10%, 5.90%, and 10.00%. As of March 31, 2016, 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: 8.29%, 1.70%, 1.70%, -7.72%, 5.73%, 6.67%, 4.42%, and 7.49%.

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 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 our assessed valuation as determined using RRAM's proprietary Absolute Value® approach. For this composite, RRAM defines a small to mid-cap company as one whose market capitalization is less than $10 B. RRAM selects securities form a universe of companies with a market capitalization at the time of initial purchase typically between $250 MM to $10 B, 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, 2016, 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: 9.01%, 7.82%, 7.82%, 2.33%, 6.50%, 8.65%, and 5.48%. As of March 31, 2016, 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: 8.91%, 3.33%, 3.33%, -5.20%, 7.15%, 8.33%, and 5.19%.

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 our assessed valuation as determined using RRAM's proprietary Absolute Value® approach. 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 B 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, 2016, 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: 7.15%, 7.61%, 7.61%, 2.41%, 9.74%, 10.85%, 7.88%, and 10.74%. As of March 31, 2016, 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: 7.29%, 1.64%, 1.64%, -2.05%, 9.08%, 9.95%, 5.60%, and 8.03%.

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, 2016, net of fees returns for the Dividend All-Cap Value II Composite are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, and Inception to Date periods: 7.20%, 7.70%, 7.70%, 3.09%, 10.16%, 10.88%, and 11.26%. As of March 31, 2016, 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: 7.29%, 1.64%, 1.64%, -2.05%, 9.08%, 9.95%, and 10.78%.

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 intrinsic value. For this composite, RRAM defines a small cap company as one whose market capitalization is less than $5 B. The Manager selects securities from a universe of companies with a market capitalization at the time of initial purchase typically between $100 MM and $5 B, 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, 2016, 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: 2.46%, 5.82%, 5.82%, 2.93%, 1.45%, 3.36%, 8.02%, and 8.93%. As of March 31, 2016, 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: 8.29%, 1.70%, 1.70%, -7.72%, 5.73%, 6.67%, 4.42%, and 8.64%.

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 our assessed valuation and selling short equity securities that trade a premium to our assessed valuation as determined using RRAM's proprietary Absolute Value® approach. 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, 2016, net of fees returns for the Long-Short Equity Composite are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, and Inception to Date periods: 4.83%, -0.03%, -0.03%, 0.23%, 3.13%, 5.44%, and 8.07%. As of March 31, 2016, returns for the Russell 3000 are as follows for the month, QTD, YTD, 1 year, 3 year, 5 year, and Inception to Date periods: 7.04%, 0.97%, 0.97%, -0.34%, 11.15%, 11.01%, and 14.98%.

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 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 our assessed valuation as determined using RRAM's proprietary Absolute Value® approach. 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. Fully invested is as defined by RRAM.

As of March 31, 2016, 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: 9.53%, 6.64%, 6.64%, 0.51%, 11.52%, 12.31%, and 18.43%. As of March 31, 2016, 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: 7.29%, 1.64%, 1.64%, -2.05%, 9.08%, 9.95%, and 12.72%.