

Small-Mid Cap Value

QUARTERLY UPDATE AS OF MARCH 31, 2016



Investment Objective

- Long-term Total Return > Russell 2500 Value index plus 200 to 400 bps

Strategy Highlights

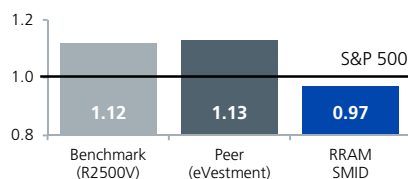
River Road's Small-Mid Cap Value (SMID) Strategy focuses on companies between \$250 MM and \$10 B in market capitalization. The SMID Strategy employs the same bottom-up, fundamentally driven investment process as the firm's Small Cap Value Strategy.

- Bottom-up, fundamentally driven stock selection
- Balanced diversification
- Structured sell discipline

Low Volatility Returns

- Target Volatility < Russell 2500 Value
- Ranked among the top 15% of peers over the prior five-year period²

Beta vs S&P 500 (Trailing 5 YR)²



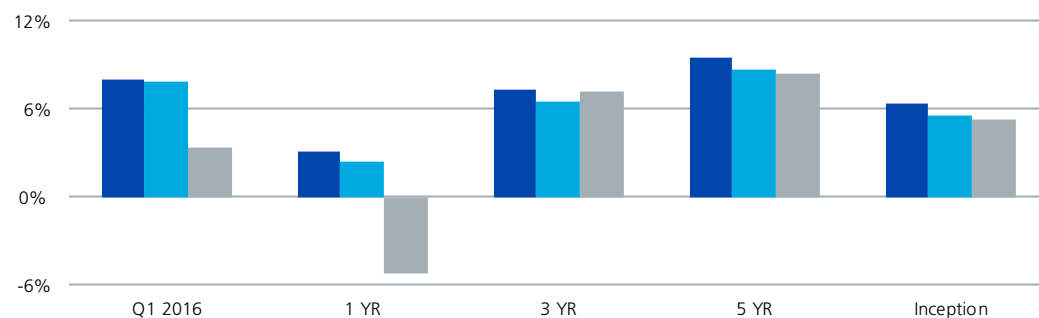
Portfolio Managers

James C. Shircliff, CFA
43 years of experience;
managed Portfolio since inception
University of Louisville, BS

R. Andrew Beck
17 years of experience;
managed Portfolio since inception
University of Louisville, BS
Babson College, MBA

J. Justin Akin
13 years of experience;
managed Portfolio since 2012
Centre College, BS

Performance Summary



	Q1 2016	1 YR	3 YR	5 YR	Inception
Out / Underperformance	+4.65%	+8.22%	+0.11%	+1.12%	+1.12%

SMID Composite Beta

0.85 **0.80**

SMID Composite Anlzd Std Dev

13.20 **16.09**

Russell 2500 Value Anlzd Std Dev

14.73 **19.42**

Performance is shown gross and net of fees as of March 31, 2016. Inception date: March 1, 2007. Out/underperformance compares Small-Mid Cap Value gross performance and Russell 2500 Value. ¹Annualized standard deviation. ²Volatility, measured as beta and standard deviation, is based on trailing 60 month gross of fee composite performance. Average peer beta presented; peer information provided for the eVestment US Small-Mid Cap Value Equity Universe. eA collects information directly from investment management firms and other sources believed to be reliable from which it conducts quarterly reviews to classify all products and create peer universes. River Road does not pay eA to be included in the universe, and may not be included in the universe, but does pay for access to this service and data. Source: River Road Asset Management LLC, eVestment Alliance (eA), FactSet Research Systems Inc., Russell Investment Group, and Standard and Poor's. Past performance is no guarantee of future results. Please see reverse side for important disclosure information.

Portfolio Review

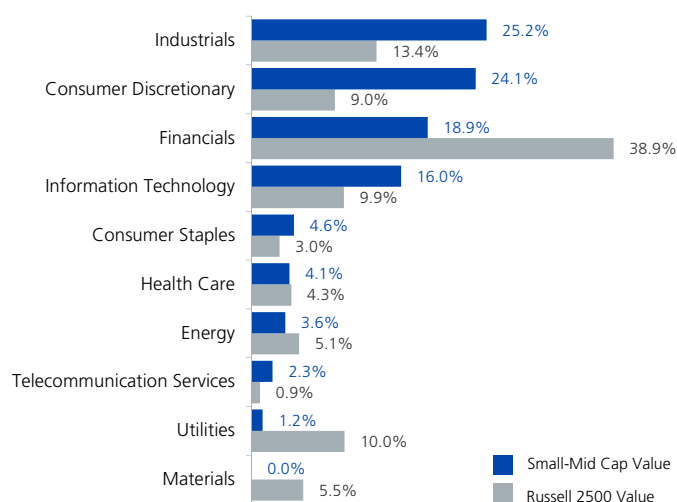
The first six weeks of 2016 marked one of the weakest starts to a calendar year on record, as plunging oil prices, weak earnings growth, and a slowdown in global economic growth fueled recession fears in the United States. By February 11, the Russell 2000 index plunged **-26%** from its recent peak – the index's lowest level in 32 months. Similarly, the Russell 2500 plunged **-23%** from its mid-2015 peak. 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.

The River Road Small-Mid Cap Value Strategy was driven primarily by strong stock selection. Another key driver was elevated M&A activity in the Portfolio. Since mid-2015, **the Strategy has recorded eight significant M&A events**. The top contributing holding in the Portfolio during Q1 was **Dolby Laboratories Inc. (CI A) (DLB)**, which licenses its audio technology to manufacturers of entertainment/consumer devices. DLB reported strong Q1 2016 results, but 2016 guidance was relatively in line. Investors seemed to get excited about **the next generation of DLB products being introduced to the marketplace after several years of significant investment**. Looking ahead, cash flow and free cash flow growth should accelerate, and with DLB's fortress-like balance sheet, returns of capital to shareholders are likely.

The bottom contributing holding in the Portfolio during Q1 was **Blackhawk Network Holdings Inc. (CI A) (HAWK)**, a prepaid payment network offering gift cards and rewards. HAWK reported strong Q4 2015 results but **provided 2016 guidance below expectations**. The guidance reduction is largely related to the 'EMV' mandate; merchants that have yet to install point-of-sale systems to read chip-embedded cards are now liable for fraudulent card payments, causing some to restrict the sale of high-value prepaid products purchased with debit or credit cards until they upgrade their machines this summer. HAWK's underlying business remains healthy and we view the EMV issue as non-recurring.

Based upon available data, **the recent move by small caps looks more like a bear market bounce than a solid foundation for the next significant move higher (like experienced in 2011)**. We do appreciate the recent shift in investor sentiment and why many would disagree. **We also stand ready to change our outlook if the data warrants**. However, at this stage, we believe investors should remain cautious. **Despite our broader outlook, we remain excited about the fundamental positioning of the Portfolio relative to our benchmark!** According to FactSet, price/cash flow for the Portfolio stands at just **10.0x** versus **13.5x** for the benchmark Russell 2500 Value. Additionally, from a quality perspective, the Portfolio's return on equity (five-year average) is **+11.4%** versus just **+7.7%** for the index, and the Portfolio is expected to grow long-term earnings at a higher rate than the benchmark.

Sector Weightings



Portfolio Characteristics

	RRAM SMID	Russell 2500 Value
Number of Holdings	64	1,675
Price / Earnings ¹	18.7	19.6
Price / Cash Flow	10.0	13.5
Price / Book	1.54	1.61
ROE (5 YR Avg)	11.4	7.7
EPS Growth (5 YR)	7.3	7.6
Cash Flow Growth (5 YR)	8.2	5.7
LT Growth Forecast	9.9	8.7
Wtd Avg Mkt Cap (B)	\$3.17	\$3.89
Wtd Med Mkt Cap (B)	\$2.03	\$3.30

Portfolio Contribution

Top Contributors		Average Weight	Contribution to Return
DLB	Dolby Laboratories Inc. (CI A)	3.47%	+1.05%
ATSG	Air Transport Services Group Inc.	1.70%	+0.89%
ADT	ADT Corp.	1.90%	+0.88%
KORS	Michael Kors Holdings Ltd.	1.61%	+0.74%
CSGS	CSG Systems International Inc.	2.91%	+0.71%

Bottom Contributors		Average Weight	Contribution to Return
HAWK	Blackhawk Network Holdings Inc. (CI A)	2.73%	-0.76%
RCII	Rent-A-Center Inc.	0.49%	-0.58%
LVNTA	Liberty Interactive Corp. Ventures Series A	1.90%	-0.36%
OUTR	Outerwall Inc.	0.36%	-0.31%
AIRM	Air Methods Corp.	1.77%	-0.28%

Top 10 Holdings

Symbol	Company	% of Portfolio
UNF	UniFirst Corp.	4.09%
DLB	Dolby Laboratories Inc. (CI A)	3.85%
WTM	White Mountains Insurance Group Ltd.	3.57%
SEAS	SeaWorld Entertainment Inc.	3.17%
HAWK	Blackhawk Network Holdings Inc. (CI A)	2.97%
ISCA	International Speedway Corp. (CI A)	2.95%
FNFV	Fidelity National Financial Inc. - FNFV Group	2.90%
CSGS	CSG Systems International Inc.	2.36%
KLXI	KLX Inc.	2.24%
IMKTA	Ingles Markets Inc. (CI A)	2.23%

Data as of March 31, 2016. Totals may not sum due to rounding. ¹Excludes negative earnings. Source: River Road Asset Management LLC, eVestment Alliance (eA), FactSet Research Systems Inc., Russell Investment Group, and Standard and Poor's.

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 SMID 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 Small-Mid Cap 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 Small-Mid Cap Value Strategy to create a continuous representative portfolio. All representative portfolio data is shown as supplemental information to the Small-Mid Cap 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 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 billion. RRAM selects securities from a universe of companies with a market capitalization at the time of initial purchase typically between \$250 million to \$10 billion, employing 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 of the Small-Mid Cap Value Composite Portfolio is the Russell 2500 Value. All other indices are shown as additional information only. *Russell 2500 Value* - Unmanaged index constructed to provide a comprehensive and unbiased barometer of the small to mid-cap value market.

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 portfolio 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. River Road Asset Management does classify securities that are not automatically classified by MSCI and S&P.

eVestment US Small-Mid Cap Value Equity - US Equity products that invest primarily in small and mid capitalization stocks with fundamental characteristics showing them to be underpriced or in slower growing economic sectors. The expected benchmarks for this universe would include the Russell 2500, or Russell 2500 Value. Managers in this category will typically indicate a "Primary Capitalization Emphasis" equal to Small-Mid Cap and a "Primary Style Emphasis" equal to Value.

© Copyright: All rights reserved; 2016, River Road Asset Management, LLC.

