

Small Cap Value

QUARTERLY UPDATE AS OF JUNE 30, 2016



Investment Objective

- Long-term Total Return > Russell 2000 Value index plus 200 to 400 bps

Strategy Highlights

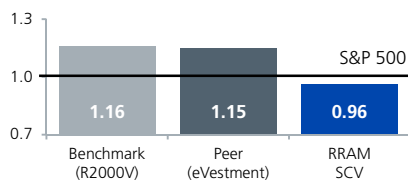
River Road's Small Cap Value (SCV) Strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from a universe of smaller capitalization stocks. The Strategy invests in well-managed, financially strong companies that are trading at a meaningful discount to our assessed valuation. We further target companies with predictable and sustainable business models that are undiscovered or underfollowed by traditional Wall Street research firms. Our stock selection process is complemented by a risk averse approach that employs both balanced diversification and a structured sell discipline.

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

Low Volatility Returns

- Target Volatility < Russell 2000 Value
- Ranked among the top 7% of peers over the prior five-year period¹

Beta vs S&P 500 (Trailing 5 YR)¹



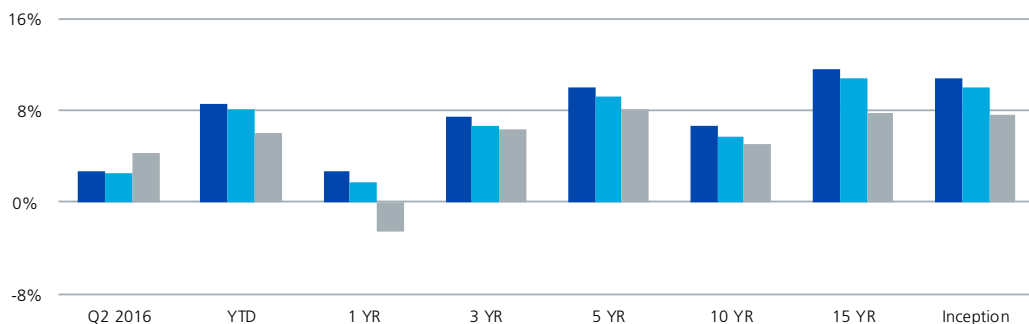
Portfolio Managers

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 2000
University of Louisville, BS
Babson College, MBA

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

Performance Summary



	Q2 2016	YTD	1 YR	3 YR	5 YR	10 YR	15 YR	Inception	
SCV Composite - Gross	2.74%	8.58%	2.61%	7.43%	10.02%	6.60%	11.57%	10.81%	
SCV Composite - Net	2.52%	8.14%	1.76%	6.60%	9.17%	5.76%	10.74%	10.00%	
Russell 2000 Value	4.31%	6.08%	-2.58%	6.36%	8.15%	5.15%	7.73%	7.63%	
Out / Underperformance	-1.57%	+2.50%	+5.19%	+1.07%	+1.87%	+1.45%	+3.84%	+3.18%	
SCV Composite Beta						0.79	0.75	0.71	0.70
SCV Composite Anlzd Std Dev						13.06	15.60	14.51	14.09
Russell 2000 Value Anlzd Std Dev						15.71	19.74	18.84	18.30

Performance is shown gross and net of fees as of June 30, 2016. Inception date: January 1, 1998. Out/underperformance compares Small Cap Value gross performance and Russell 2000 Value. ¹Volatility, 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 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

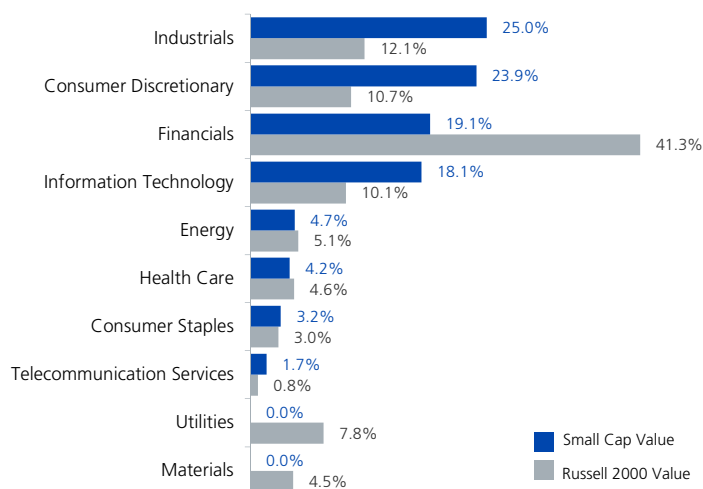
Stocks displayed remarkable resilience in Q2, delivering positive returns despite a slew of fundamental and geopolitical challenges, including the fourth consecutive quarter of negative reported earnings growth, lofty valuations, and the shocking news that the U.K. would exit the European Union ("Brexit"). While the latter briefly rattled global markets, U.S. stocks quickly regained momentum as investors focused on a more dovish tone from the Federal Reserve, the sustained rebound in oil prices, and a belief that earnings and economic growth will substantially improve in the second half of 2016.

For the quarter, small caps led large cap, while value led growth across all market caps. From a factor perspective, there was a bit of a divergence with both low beta AND low quality outperforming. The sectors with the highest contribution to relative return in the Portfolio during Q2 were **Industrials** and **Energy**. Industrials benefited from strong stock selection, while Energy benefited from an underweight allocation. The top contributing holding during Q2 was **Insperty Inc. (NSP)**, a professional employment organization (PEO) that provides outsourced human resources to small and medium-sized business. In early May, NSP reported quarterly results well ahead of expectations. **High customer retention and new client wins drove accelerated revenue growth, which created operating leverage and record operating income per worksite employee.** The strong results coupled with management's favorable outlook suggested **EBITDA growth in the mid-20% range is plausible for at least the next two years.** Sell-side analysts scrambled to revise their estimates materially higher.

The sectors with the lowest contribution to relative return in the Portfolio during Q2 were **Materials** and **Financials**. Materials suffered from lack of exposure. Financials (technically) underperformed because of poor stock selection; however, an in-depth analysis of attribution reveals it suffered from the Portfolio's relative lack of REIT exposure. The bottom contributing holding during the quarter was **SeaWorld Entertainment Inc. (SEAS)**, owner and operator of theme parks including the *SeaWorld* and *Busch Gardens* brands. SEAS reported **mixed quarterly results and disappointing initial 2016 guidance.** Attendance gains drove a third consecutive quarter of accelerating revenue growth, but management voiced concern that **a sharp drop in Latin American visitation due to a strong U.S. dollar will largely offset the expected favorable impact of two new roller coasters for its Florida parks.**

As expressed since early 2015, we remain very positive about the fundamental positioning of the Portfolio! As has been the case historically, the Portfolio is both higher quality and less expensive than the benchmark. According to FactSet, price/cash flow for the Portfolio stands at just **10.7x** versus **12.9x** for the benchmark Russell 2000 Value. Additionally, from a quality perspective, the Portfolio's return on equity (five-year average) is **9.9%** versus just **6.5%** for the index. Further, **the Portfolio is expected to grow long-term earnings at a rate significantly higher than the benchmark.**

Sector Weightings



Portfolio Contribution

Top Contributors		Average Weight	Contribution to Return
NSP	Insperty Inc.	2.32%	+1.10%
TNET	TriNet Group Inc.	1.75%	+0.64%
SODA	SodaStream International Ltd.	1.49%	+0.62%
MUSA	Murphy USA Inc.	2.17%	+0.43%
MTCH	Match Group Inc.	1.36%	+0.41%

Bottom Contributors		Average Weight	Contribution to Return
SEAS	SeaWorld Entertainment Inc.	2.75%	-0.98%
ATSG	Air Transport Services Group Inc.	2.40%	-0.45%
PBF	PBF Energy Inc. (CI A)	1.08%	-0.34%
TAX	Liberty Tax Inc. (CI A)	0.27%	-0.30%
ISCA	International Speedway Corp. (CI A)	2.62%	-0.25%

Data as of June 30, 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, 1998); partial periods excluded from average. 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 Q2 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 SCV 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 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 Cap Value Strategy to create a continuous representative portfolio. For any periods prior to April 1, 2006, Small Cap Value Composite data was used and combined with the representative portfolio data because underlying transaction information for representative portfolios is not available in the necessary format prior to April 1, 2006. All representative portfolio data is shown as supplemental information to the Small 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 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 U.S. dollar is the currency used to express performance. Performance includes the reinvestment of income.

The official benchmarks for the Small Cap Value Composite are the Russell 2000 Value and Russell 2000. All other indices are shown as additional information only.

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.

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

eVestment US Small Cap Value Equity - US Equity products that invest primarily in small 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 2000, or Russell 2000 Value. Managers in this category will typically indicate a "Primary Capitalization Emphasis" equal to Small Cap and a "Primary Style Emphasis" equal to Value.

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Portfolio Characteristics

	RRAM SCV	Russell 2000 Value
Number of Holdings	58	1,361
Price / Earnings ¹	19.3	17.9
Price / Cash Flow	10.7	12.9
Price / Book	1.54	1.39
ROE (5 YR Avg)	9.9	6.5
EPS Growth (5 YR)	8.3	5.9
Cash Flow Growth (5 YR)	9.2	3.7
LT Growth Forecast	11.2	9.3
Annualized Standard Deviation ²	13.06	15.71
Annualized Alpha ²	3.32	
Beta ²	0.79	
Turnover ³	47.23%	

Top 10 Holdings

Symbol	Company	% of Portfolio
WTM	White Mountains Insurance Group Ltd.	4.32%
UNF	UniFirst Corp.	4.13%
FNFV	Fidelity National Financial Inc. - FNFV Group	4.07%
HAWK	Blackhawk Network Holdings Inc. (CI A)	3.16%
ISCA	International Speedway Corp. (CI A)	2.56%
SP	SP Plus Corp.	2.47%
MUSA	Murphy USA Inc.	2.43%
IMKTA	Ingles Markets Inc. (CI A)	2.31%
ATSG	Air Transport Services Group Inc.	2.27%
GEO	GEO Group Inc.	2.14%

