

Dividend All-Cap Value II

A TOTAL RETURN STRATEGY | QUARTERLY UPDATE AS OF DECEMBER 31, 2016



Investment Objectives

- Long-term Total Return > Russell 3000 Value index plus 200 to 400 bps
- Target Yield > Russell 3000 Value index plus 150 bps

Strategy Highlights

River Road's Dividend All-Cap Value II (DAV II) Strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from an all cap universe of high yielding equity securities. This Strategy invests in well-managed, financially strong companies with high and growing dividends, targeting companies that are also trading at a meaningful discount to our assessed valuation. Typical investment criteria include:

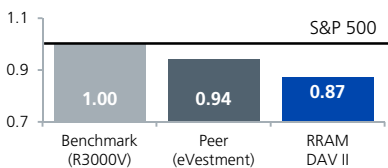
- Minimum market capitalization of \$1 B at the time of purchase
- Indicated dividend yield of at least 2%

The stock selection process is complemented by a risk averse approach that employs balanced diversification and a structured sell discipline.

Low Volatility Returns

- Target Volatility < Russell 3000 Value
- Ranked among the top 21% of peers over the prior five-year period²

Beta vs S&P 500 (Trailing 5 YR)²



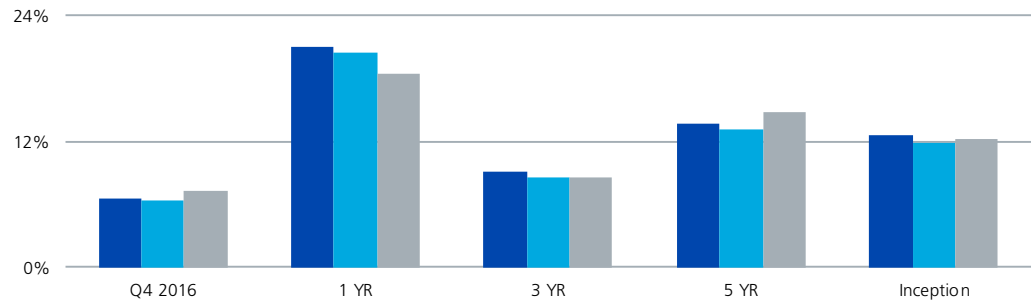
Portfolio Managers

Henry W. Sanders III, CFA
27 years of experience; managed Portfolio since inception
Bellarmine University, BA
Boston College, MBA

Thomas S. Forsha, CFA
18 years of experience; managed Portfolio since inception
The Ohio State University, BS
University of Chicago, MBA

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

Performance Summary



| | Q4 2016 | 1 YR | 3 YR | 5 YR | Inception |
|------------------------|---------|--------|--------|--------|-----------|
| Out / Underperformance | -0.76% | +2.56% | +0.47% | -1.23% | +0.29% |

Portfolio Yield: 3.45%¹

Performance is shown gross and net of fees as of December 31, 2016. Inception date: January 1, 2011. Out/underperformance compares Dividend All-Cap Value II gross performance and Russell 3000 Value. ¹Gross of fees; indicated portfolio yield does not anticipate special dividends. Data presented based on a representative portfolio within the Strategy. 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 All 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 soared in Q4 following a stunning election upset that saw Republicans win the White House and retain a majority in Congress, resulting in a radical, pro-growth regime change in Washington. Following a weak start to the quarter, small cap stocks led the post-election rally as investors bet on lower taxes, increased infrastructure spending, and broad deregulation. **For 2016, small caps also outperformed large cap, delivering the best relative performance since 2010.**

Stock selection was largely responsible for the outperformance in 2016, but sector allocation was also modestly positive. In a reversal from recent years, dividend stocks performed relatively well for the year. The Strategy's bottom-up, value-focused investment process also provided the means to navigate a relatively treacherous shift from defensive to cyclical leadership within the dividend universe, which further aided in the Strategy outperforming a large majority of its peers.

The sector with the highest contribution to relative return in the Portfolio for Q4 was **Health Care**. The top contributing holding during the quarter was **PNC Financial Services Group Inc. (PNC)**. The outlook for bank earnings improved significantly during the quarter and stock prices followed suit. In the wake of the U.S. elections, interest rates moved higher and the yield curve steepened, leading to an improved outlook for net interest margin. Additionally, the Republican sweep of the White House and Congress raised the possibility of meaningful tax and regulatory reform, which could significantly reduce taxes and operating expenses for banks. In recognition of the positive impact of the election, **we increased the multiples employed in our assessed values across the banking industry.**

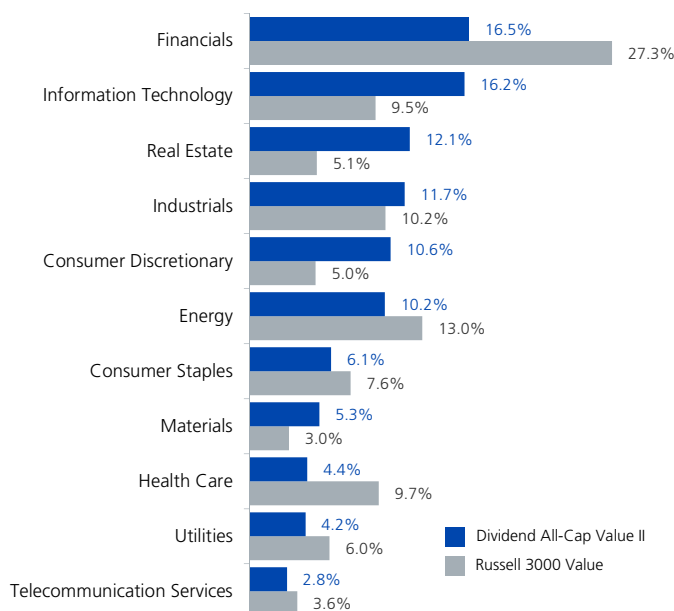
The sector with the lowest contribution to relative return in the Portfolio for Q4 was **Financials**. The bottom contributing holding during the quarter was **Iron Mountain Inc. (IRM)**, a REIT focused on records management storage and data management services. Although IRM met our expectations with its core storage business registering organic growth of +2.6% year over year and surprised with an accelerated dividend hike of +11.3%, the stock underperformed along with most other REITs in the quarter as the market began to discount the impact of rising interest rates. For IRM, **rising rates should not detrimentally impact cash flow as document storage demand is not interest rate sensitive and storage contracts generally allow for regular inflation-related adjustments.**

From a valuation perspective, risks are elevated, particularly for small cap stocks, and sentiment is flashing a near-term caution light. However, from an intermediate-term perspective there are numerous tailwinds that could not only sustain current share prices, but propel stocks across all market caps *moderately* higher in the year ahead.

There has been little change in our positive relative outlook for the Dividend All-Cap Value II Strategy. As we asserted in Q3, "the results support our belief that the Portfolio is relatively well positioned if fears of overvaluations or rising interest rates weigh on dividend-focused sectors." We believe the Strategy's strong performance in 2016 supports our view that a broad portfolio of companies that both pay an attractive dividend and increase it, can outperform even as interest rates are increasing.

Discovering value,
off the beaten path[®]

Sector Weightings



Portfolio Contribution

| Top Contributors | | Yield ³ | Average Weight | Contribution to Return |
|------------------|-----------------------------------|--------------------|----------------|------------------------|
| PNC | PNC Financial Services Group Inc. | 1.88% | 3.19% | +0.91% |
| BBT | BB&T Corp. | 2.55% | 2.82% | +0.67% |
| GEO | GEO Group Inc. | 7.24% | 1.34% | +0.61% |
| USB | U.S. Bancorp | 2.18% | 2.91% | +0.57% |
| RHP | Ryman Hospitality Properties Inc. | 4.76% | 1.27% | +0.43% |

| Bottom Contributors | | Yield ³ | Average Weight | Contribution to Return |
|---------------------|-------------------------------------|--------------------|----------------|------------------------|
| IRM | Iron Mountain Inc. | 6.77% | 3.03% | -0.43% |
| CSAL | Communications Sales & Leasing Inc. | 9.45% | 1.28% | -0.29% |
| AMGN | Amgen Inc. | 3.15% | 1.70% | -0.26% |
| UL | Unilever PLC Sponsored ADR | 3.40% | 1.52% | -0.24% |
| VTR | Ventas Inc. | 4.96% | 1.60% | -0.22% |

Portfolio Characteristics

| | DAV II | R3000V |
|--|--------|--------|
| Number of Holdings | 56 | 2,065 |
| Dividend Yield ³ | 3.45 | 2.41 |
| Price / Cash Flow | 12.9 | 13.4 |
| ROE (5 YR Avg) | 18.0 | 11.9 |
| EPS Growth (5 YR) | 8.7 | 5.4 |
| Div / Share Growth (TTM) | 8.0 | 6.5 |
| Cash | 3.4% | |
| Annualized Standard Deviation ¹ | 9.74 | 10.66 |
| Annualized Alpha ¹ | 1.04 | |
| Beta ¹ | 0.85 | |
| Turnover ² | 27.33% | |

Market Capitalization Breakdown

| | DAV II | R3000V |
|--------------------------|-----------|------------|
| Wtd Median Market Cap | \$32.63 B | \$52.26 B |
| Wtd Avg Market Cap | \$74.15 B | \$109.93 B |
| Large Cap > \$15.0 B | 65.8% | 73.7% |
| Mid-Cap \$2.0 - \$15.0 B | 31.3% | 21.6% |
| Small Cap < \$2.0 B | 2.9% | 4.7% |

Top 10 Holdings

| Symbol | Company | % of Portfolio | Yield ³ |
|--------|-----------------------------------|----------------|--------------------|
| MSFT | Microsoft Corp. | 3.60% | 2.51% |
| PNC | PNC Financial Services Group Inc. | 3.04% | 1.88% |
| USB | U.S. Bancorp | 3.03% | 2.18% |
| BBT | BB&T Corp. | 3.00% | 2.55% |
| IRM | Iron Mountain Inc. | 2.91% | 6.77% |
| VZ | Verizon Communications Inc. | 2.72% | 4.33% |
| MSI | Motorola Solutions Inc. | 2.49% | 2.27% |
| OMC | Omnicom Group Inc. | 2.47% | 2.58% |
| PX | Praxair Inc. | 2.37% | 2.56% |
| FAST | Fastenal Co. | 2.36% | 2.55% |

Data as of December 31, 2016. Totals may not sum due to rounding. ¹Risk characteristics based on trailing 60 month gross of fee composite performance. ²Average annual turnover since inception (January 1, 2011); partial periods excluded from average. ³Gross of fees; indicated yield does not anticipate special dividends. 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 Q4 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 DAV II 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 Dividend All-Cap Value II Strategy. Since no single representative portfolio is available to represent the Strategy since inception, different representative portfolios are used for different periods (using the same selection criteria) to create a continuous representative portfolio. All representative portfolio data is shown as supplemental information to the Dividend All-Cap Value II Strategy 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 another AMG entity, 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 to provide long-term capital appreciation and high current income by investing primarily in a diversified, multi-cap basket of income producing equity securities which have a market capitalization of typically at least \$1 B at the time of initial purchase and that trade at a discount to our assessed valuation as determined using RRAM's proprietary Absolute Value® approach. The Composite is primarily invested in dividend paying common stocks. The composite 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. RRAM employs a value-driven, bottom-up approach. The U.S. dollar is the currency used to express performance. Performance includes the reinvestment of income.

The official benchmark for the composite is the Russell 3000 Value. All other indices are shown as additional information only.

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.

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Most company share-related characteristics exclude outliers. Outlier exclusion methods include interquartile and inverse interquartile; the universe for determining outliers is the Russell 3000. For more information, please contact RRAM.

eVestment US All Cap Value Equity - US Equity products that invest primarily in small, mid, and large capitalization stocks with fundamental characteristics showing them to be under-priced or in slower growing economic sectors. The expected benchmarks for this universe would include the Russell 3000 Value, S&P 500, or Russell 1000 Value. Managers in this category will typically indicate a "Primary Capitalization Emphasis" equal to All Cap and a "Primary Style Emphasis" equal to Value.

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