

Long-Short Equity

QUARTERLY UPDATE AS OF DECEMBER 31, 2016



Strategy Overview

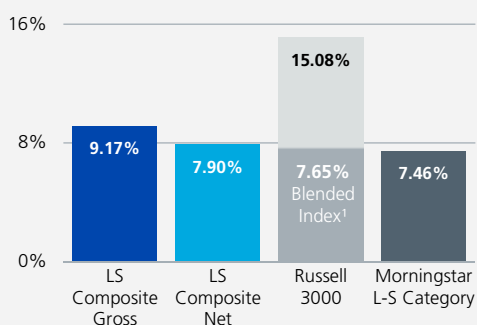
River Road's Long-Short Equity Portfolio is a hedged equity strategy that employs a fundamental, all-cap, value-oriented approach. The Strategy seeks to provide **equity-like returns** with substantially **reduced volatility** while emphasizing **capital protection**.

Investment Objectives

EQUITY-LIKE RETURNS

The Strategy seeks to outperform the blended index¹ by 300 to 500 bps over a full market cycle. We seek to construct a concentrated, best ideas long portfolio of 20 to 40 excellent companies trading at compelling prices and a short portfolio of 20 to 40 challenged business models that are overvalued and exhibit low momentum.

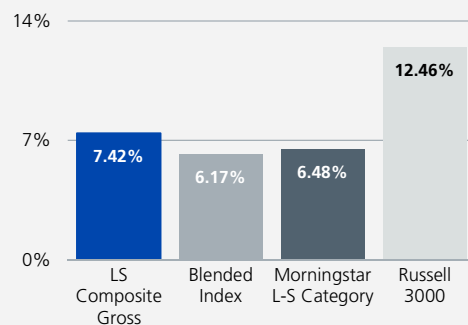
Since Inception Anlzd Return



REDUCED VOLATILITY

We seek to reduce Portfolio volatility by maintaining a flexible net market exposure of 10-90%. Normal exposure is 50-70%. We also limit volatility by executing on the fundamentals of risk management: we do not average down and we set stop losses, monitor losses at the portfolio level, and seek to avoid high momentum in the short portfolio.

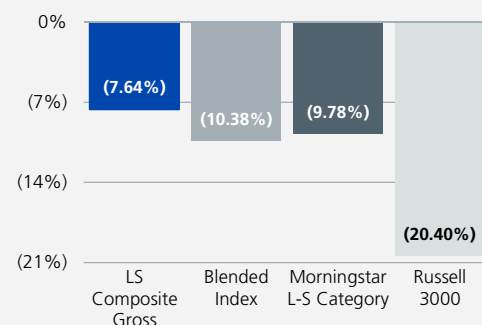
Since Inception Anlzd Std Deviation



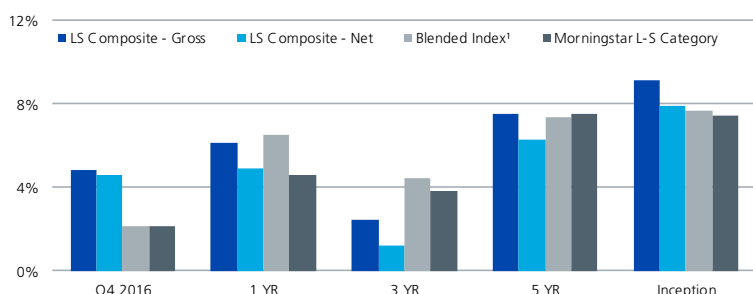
CAPITAL PROTECTION

The Strategy employs two tools that we believe help prevent major drawdowns in the Portfolio: the discount-to-value indicator and the Drawdown Plan. We use our discount-to-value indicator to proactively reduce exposure in extremely overvalued markets. The Drawdown Plan is a reactive method to reduce exposure in declining markets.

Since Inception Max Drawdown

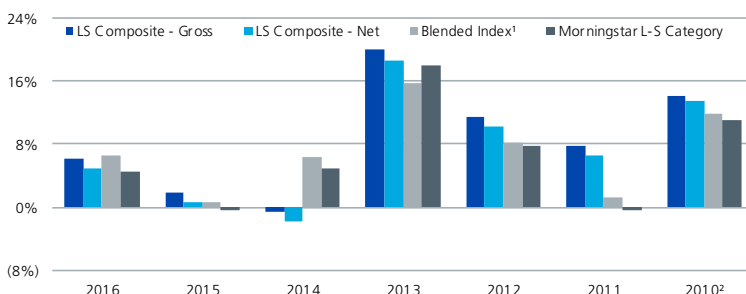


Trailing Performance



	Q4 2016	1 YR	3 YR	5 YR	Inception
LS Composite - Gross	4.85%	6.14%	2.45%	7.55%	9.17%
LS Composite - Net	4.57%	4.90%	1.23%	6.27%	7.90%
Blended Index ¹	2.14%	6.55%	4.43%	7.36%	7.65%
Out/Underperformance	+2.71%	(0.41%)	(1.98%)	+0.19%	+1.52%
Morningstar L-S Category	2.12%	4.62%	3.82%	7.52%	7.46%
Out/Underperformance	+2.73%	+1.52%	(1.37%)	+0.03%	+1.71%
Russell 3000	4.21%	12.74%	8.43%	14.67%	15.08%
Russell 3000 Value	7.24%	18.40%	8.55%	14.81%	14.66%

Annual Performance



	2016	2015	2014	2013	2012	2011	2010 ²
LS Composite - Gross	6.14%	1.85%	(0.54%)	20.01%	11.49%	7.72%	14.15%
LS Composite - Net	4.90%	0.64%	(1.73%)	18.58%	10.16%	6.54%	13.58%
Blended Index ¹	6.55%	0.54%	6.29%	15.78%	8.17%	1.30%	11.79%
Out/Underperformance	(0.41%)	+1.31%	(6.83%)	+4.23%	+3.32%	+6.42%	+2.36%
Morningstar L-S Category	4.62%	(0.46%)	4.95%	18.01%	7.78%	(0.37%)	11.14%
Out/Underperformance	+1.52%	+2.31%	(5.49%)	+2.00%	+3.71%	+8.09%	+3.01%
Russell 3000	12.74%	0.48%	12.56%	33.55%	16.42%	1.03%	24.46%
Russell 3000 Value	18.40%	(4.13%)	12.70%	32.69%	17.55%	(0.10%)	22.12%

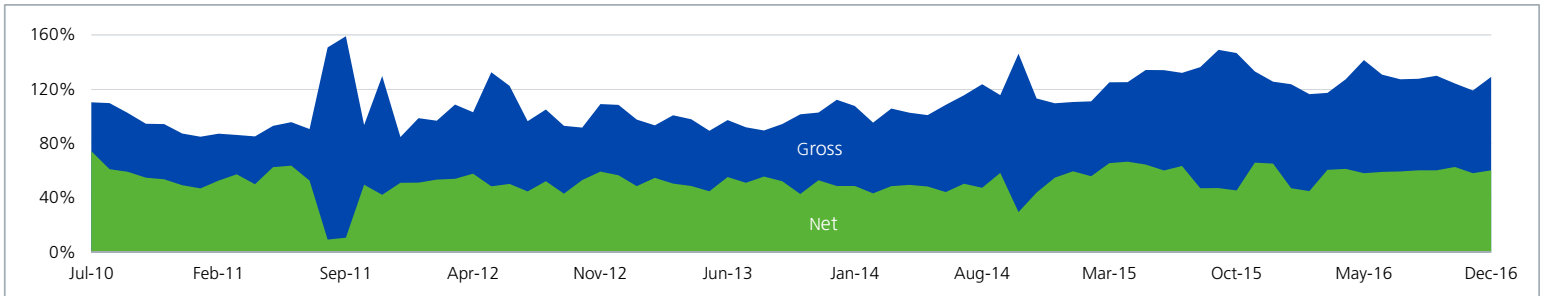
Performance is shown gross and net of fees as of December 31, 2016. Inception date: July 1, 2010. ¹The blended index represents a 50% weighting of the Russell 3000 index and a 50% weighting of the BofA Merrill Lynch U.S. T-Bill 0-3 month index; rebalanced daily. ²July 1, 2010 through December 31, 2010. Out/underperformance compares gross performance and the blended index and Morningstar L-S Category, respectively. The Morningstar L-S Category is the U.S. Open End Long-Short Equity Category. Performance for the category is presented gross of fees, calculated by Morningstar, and based on monthly inputs. LS Composite max drawdown calculated using daily gross performance; Morningstar L-S Category max drawdown calculated using monthly gross performance. Exposure and holdings ranges are working guidelines subject to market fluctuations and other factors. Exact ranges may not be achieved. The Morningstar L-S Category information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. © 2017 Morningstar, Inc. All Rights Reserved. Source: River Road Asset Management, LLC, FactSet Research Systems Inc., Morningstar, Inc., and Russell Investment Group. Past performance is no guarantee of future results. Please see reverse side for important disclosure information.

Return & Risk Analysis

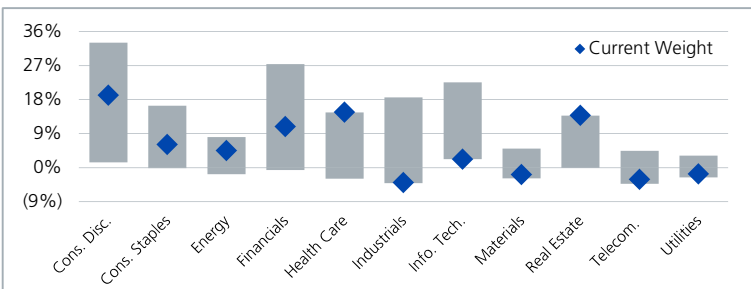
Since Inception	LS Composite Gross	LS Composite Net	Russell 3000	Morningstar L-S Category
Anlzd. Return	9.17%	7.90%	15.08%	7.46%
Anlzd. Alpha	2.32	1.15	--	(0.18)
Upside Capture	50%	47%	100%	51%
Downside Capture	36%	39%	100%	53%
Max 1-Month Drawdown	(4.29%)	(4.39%)	(7.76%)	(3.75%)
Max Drawdown	(7.64%)	(8.36%)	(20.40%)	(9.78%)

Trailing Five Years	LS Composite Gross	Russell 3000	Morningstar L-S Category
Sharpe Ratio	1.00	1.37	1.31
Sortino – 3% MAR	0.97	1.90	1.29
Beta	0.53	1.00	0.52
Anlzd. Std. Dev.	7.41	10.56	5.60
R-Squared ¹	57.45	100.00	58.89
Correlation ¹	0.76	1.00	0.77

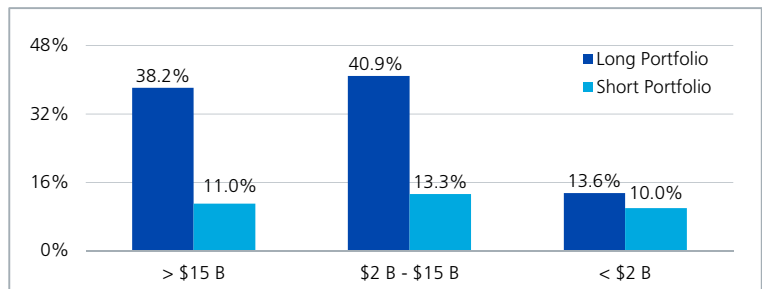
Historical Exposure



Historical Net Sector Exposure²



Current Market Capitalization Exposure³



Data as of December 31, 2016. Inception date: July 1, 2010. ¹R-Squared and correlation for the Morningstar L-S Category reflect the category median of all funds with a five-year track record; all others risk stats for the Morningstar L-S Category are based on the average monthly category return (inclusive of all funds in the category at each month end). ²Sector exposure range reflects maximum and minimum exposure using quarter-end weights since inception; data excludes index hedges held during the Drawdown Plan. ³Market capitalization exposure presented as gross ending weights for the long and short portfolios. Gross of fees performance does not reflect the effect of management fees (performance would have been lower). Please refer to the net of fees performance provided when considering this strategy. The Morningstar L-S Category is the U.S. Open End Long-Short Equity Category. Performance for the category is presented gross of fees, calculated by Morningstar, and based on monthly inputs. The return and risk statistics are calculated using monthly gross performance except that LS Composite annualized return and max drawdown are calculated using daily gross performance. Morningstar L-S Category max drawdown calculated using monthly gross performance. Portfolio net and gross market exposure is based on the representative portfolio. Source: River Road Asset Management LLC, FactSet Research Systems Inc., Russell Investment Group, and Morningstar, Inc. © 2017 Morningstar, Inc. All Rights Reserved.

Composite Components and Representative Portfolios: The LS Composite consists of the following components: long portfolio, short portfolio, index hedges, cash, and an immaterial investment in covered call options previously held in the Composite. All data shown for individual components (except cash) excludes the impact of cash. For the “short portfolio” component, performance includes the impact of dividend expense, but excludes the impact of the cost to borrow the underlying stock that is shorted, the cash received from shorting, and index hedges applied during the drawdown plan. Cost to borrow expenses and the cash received from shorting are reflected in the “cash” component; “index hedges” are their own component. Any performance shown for one of the components is supplemental information only. The performance methodology employed for calculating supplemental performance varies from that of RRAM official performance measurement.

Where indicated throughout this presentation, the data presented is based on representative portfolios within the Long-Short Equity 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 only.

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