

Small Cap Value

QUARTERLY UPDATE AS OF MARCH 31, 2017



Investment Objective

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

Strategy Highlights

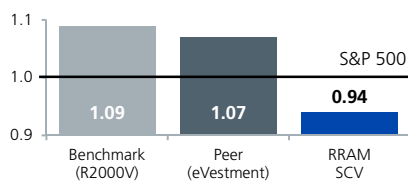
River Road's Small Cap Value (SCV) Strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from a universe of smaller capitalization stocks. The Strategy invests in well-managed, financially strong companies that are trading at a meaningful discount to our 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 3% of peers over the prior five-year period¹

Beta vs S&P 500 (Trailing 5 YR)¹



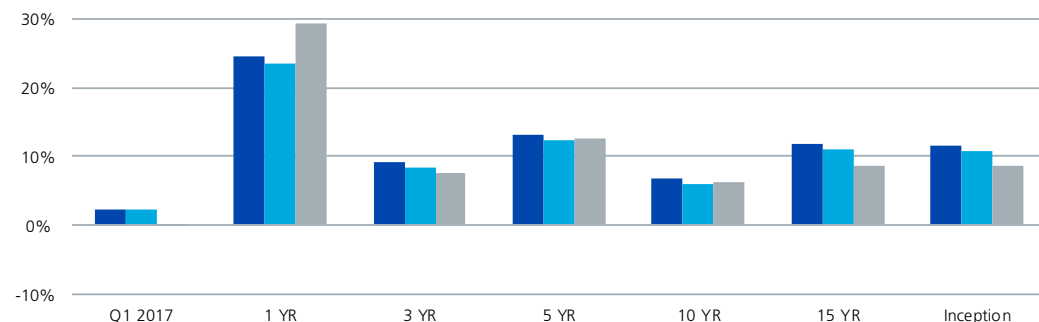
Portfolio Managers

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

R. Andrew Beck
18 years of experience; managed Portfolio since 2000
University of Louisville, BS
Babson College, MBA

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

Performance Summary



	Q1 2017	1 YR	3 YR	5 YR	10 YR	15 YR	Inception
SCV Composite - Gross	2.33%	24.39%	9.10%	13.16%	6.74%	11.78%	11.47%
SCV Composite - Net	2.13%	23.41%	8.25%	12.28%	5.89%	10.93%	10.66%
Russell 2000 Value	-0.13%	29.37%	7.62%	12.54%	6.09%	8.54%	8.53%
Out / Underperformance	+2.46%	-4.98%	+1.48%	+0.62%	+0.65%	+3.24%	+2.94%
SCV Composite Beta				0.78	0.74	0.72	0.70
SCV Composite Anlzd Std Dev				11.69	15.82	14.47	14.00
Russell 2000 Value Anlzd Std Dev				13.92	20.19	18.74	18.24

Performance is shown gross and net of fees as of March 31, 2017. 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

Expectations for strong earnings growth and positive policy developments 'trumped' a slew of political challenges, soft economic data, and the Federal Reserve's third rate hike, resulting in solid, steady gains for stocks. The S&P 500 index returned **+6.07%** for the quarter, **its third best Q1 performance since 2000**. Additionally, downside volatility was remarkably low with the blue chip index experiencing **a 109-day streak without at least a -1% decline – the longest such stretch in 22 years!**

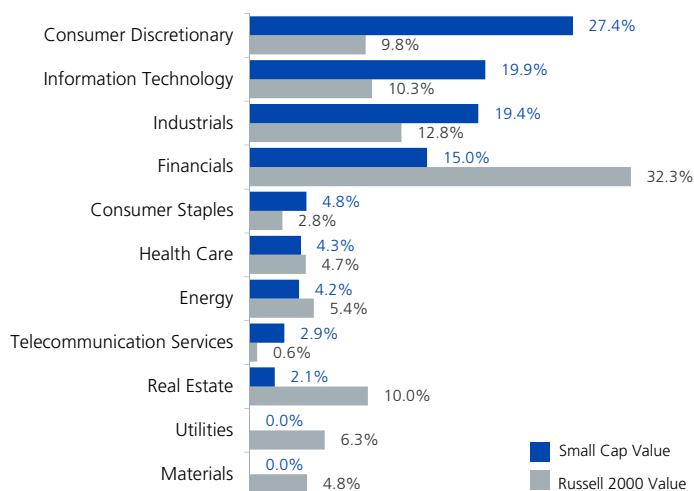
Following huge outperformance in 2016, small cap stocks lagged large cap in the first quarter of 2017 with the Russell 2000 index returning **+2.47%** versus **+6.03%** for the Russell 1000. Similarly, from a style perspective **growth significantly outperformed value across all market caps**. Among small caps, the Russell 2000 Growth index returned **+5.35%** for Q1 versus **-0.13%** for the Russell 2000 Value.

From a sector perspective, Portfolio outperformance was driven by strong relative results among Consumer Discretionary and Health Care holdings, with M&A supporting the latter. The Portfolio's underweight position in Financials was also beneficial, with a relative contribution of **+77 bps** coming from being underweight Banks and Thrifts. The top contributing holding in the Portfolio during Q1 was convenience store chain **Murphy USA Inc. (MUSA)**, which has 83% of its locations in front of Wal-Mart stores. The company reported solid Q4 results and offered 2017 guidance we believe is easily achievable. The guidance also appeared to **validate our investment thesis that gains in MUSA's Product Supply & Wholesale segment offset declines in profitability from falling RIN prices**. MUSA generates high-margin RINs by blending its oil supply with ethanol, which MUSA sells to third parties (often refiners).

The sectors with the lowest contribution to relative return in the Portfolio during Q1 were **Consumer Staples** and **Utilities**. Consumer Staples suffered primarily from poor stock selection, while Utilities suffered from an underweight allocation. The bottom contributing holding in the Portfolio during Q1 was **CSG Systems International Inc. (CSGS)**, a provider of software and client service solutions to the cable and satellite TV industry. In February, CSGS reported in-line Q4 results, but **2017 guidance was below expectations** due to anticipated margin compression as the company ramps up investments for long-term growth and product development initiatives.

Portfolio characteristics support our continued optimism about the relative positioning of the Portfolio. According to FactSet, price/cash flow for the Portfolio stands at just **11.3x** versus **14.8x** for the Russell 2000 Value. Further, from a quality perspective, the Portfolio's return on equity (five-year average) is **+10.2%** versus just **+6.3%** for the index **and** the Portfolio is expected to grow long-term earnings at a higher rate than the benchmark.

Sector Weightings



Portfolio Contribution

Top Contributors	Average Weight	Contribution to Return
MUSA Murphy USA Inc.	2.95%	+0.57%
AIRM Air Methods Corp.	1.56%	+0.51%
GEO GEO Group Inc.	1.67%	+0.49%
TRCO Tribune Media Co. (CI A)	1.82%	+0.45%
SP SP Plus Corp.	2.31%	+0.43%

Bottom Contributors	Average Weight	Contribution to Return
CSGS CSG Systems International Inc.	1.92%	-0.46%
VSTO Vista Outdoor Inc.	0.93%	-0.41%
IMKTA Ingles Markets Inc. (CI A)	3.17%	-0.35%
PBF PBF Energy Inc. (CI A)	1.35%	-0.30%
BH Biglari Holdings Inc.	2.20%	-0.21%

Portfolio Characteristics

	RRAM SCV	Russell 2000 Value
Number of Holdings	57	1,352
Price / Earnings ¹	19.9	21.5
Price / Cash Flow	11.3	14.8
Price / Book	1.66	1.69
ROE (5 YR Avg)	10.2	6.3
EPS Growth (5 YR)	5.3	5.5
Cash Flow Growth (5 YR)	7.8	3.9
LT Growth Forecast	12.3	9.9
Annualized Standard Deviation ²	11.69	13.92
Annualized Alpha ²	3.10	
Beta ²	0.78	
Turnover ³	47.25%	

Top 10 Holdings

Symbol	Company	% of Portfolio
WTM	White Mountains Insurance Group Ltd.	4.82%
FNFV	Fidelity National Financial Inc. - FNFV Group	4.26%
HAWK	Blackhawk Network Holdings Inc.	4.10%
UNF	UniFirst Corp.	4.08%
MUSA	Murphy USA Inc.	3.65%
IMKTA	Ingles Markets Inc. (CI A)	3.09%
LEXEA	Liberty Expedia Holdings Inc. (CI A)	3.07%
SP	SP Plus Corp.	2.38%
ISCA	International Speedway Corp. (CI A)	2.36%
BH	Biglari Holdings Inc.	2.30%

Data as of March 31, 2017. GICS sector breakdown reflects percent of equity. 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). 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 2017 period. For the purpose of assessing top and bottom contributors, the contribution of child securities is aggregated with that of the parent for corporate actions that occurred during the most recent calendar quarter. The holdings identified do not represent all of the securities purchased, sold, or recommended. To receive information regarding the methodology for calculating the top/bottom contributors or a list showing every holding's contribution to the overall Small Cap Value Composite and/or representative portfolio performance contact thomas.mueller@riverroadam.com. 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, different representative portfolios are used for different periods (using the same selection criteria) 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.

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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 while the original members of the portfolio management team were affiliated with a prior firm and those 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.

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 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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