

Focused Absolute Value®

A HIGH CONVICTION STRATEGY | QUARTERLY UPDATE AS OF JUNE 30, 2018



Investment Objective

Long-term total return = Russell 3000 Value index plus a minimum of +200 bps

Strategy Highlights

Focused Absolute Value® is a concentrated, all cap strategy comprised of the firm's 'best and most timely' ideas selected from among the stocks held across all RRAM strategies, as recommended by the analyst team.¹

The Strategy combines the firm's proven investment processes with the stock picking skills of River Road portfolio managers and collective insights and opinions of the firm's analyst team.

The Strategy seeks to remain fully invested at all times, is index independent, and is highly opportunistic. The minimum market cap for investment is \$250 MM (at the time of initial purchase).

Portfolio Managers



R. Andrew Beck

President & CEO,
Senior Portfolio Manager

19 years of experience;
managed Portfolio since inception

University of Louisville, BS
Babson College, MBA



Thomas S. Forsha, CFA

Co-Chief Investment Officer &
Portfolio Manager

20 years of experience;
managed Portfolio since inception

The Ohio State University, BS
University of Chicago, MBA

Analyst Liaison



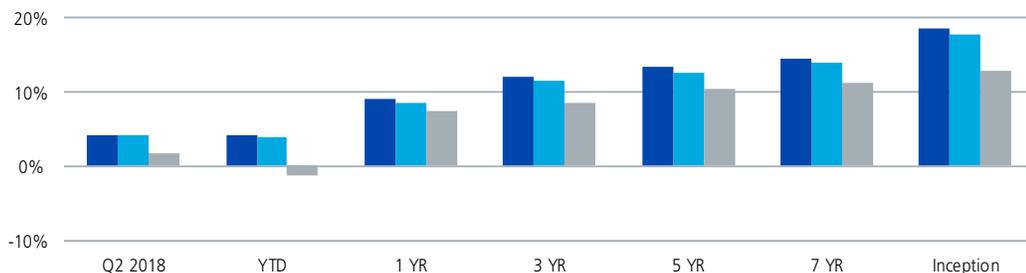
Ashley L. Abney, CPA

Senior Equity Research Analyst

12 years of experience

Centre College, BS

Performance Summary



	Q2 2018	YTD	1 YR	3 YR	5 YR	7 YR	Inception
FAV Composite - Gross	4.15%	4.20%	8.89%	12.08%	13.29%	14.50%	18.46%
FAV Composite - Net	4.05%	4.00%	8.50%	11.53%	12.62%	13.77%	17.63%
Russell 3000 Value	1.71%	-1.16%	7.25%	8.48%	10.40%	11.25%	12.67%
Out / Underperformance	+2.44%	+5.36%	+1.64%	+3.60%	+2.89%	+3.25%	+5.79%

Performance is shown gross and net of fees. Inception date: January 1, 2009. Out/underperformance compares Focused Absolute Value® gross performance and Russell 3000 Value. If a holding is liquidated from all RRAM portfolios, the stock must be sold from the Focused Absolute Value® Portfolio within a reasonable period of time (as defined by the portfolio managers). Source: River Road Asset Management LLC and Russell Investment Group. Past performance is no guarantee of future results. Please see reverse side for important disclosure information.

Portfolio Review

U.S. stocks delivered attractive returns in Q2 as investors discounted escalating trade tensions in favor of strong earnings growth, improving U.S. economic growth, and the continued availability of cheap capital across the credit spectrum. **Small cap stocks did particularly well**, as investors poured into small cap ETFs at a level not experienced since the post-election period. For Q2, the S&P 500 and Russell 1000 indexes returned **+3.43%** and **+3.57%**, respectively, versus **+7.75%** for the Russell 2000. From a style perspective, performance was mixed with **value outperforming among small caps, but growth leading among mid and large caps.**

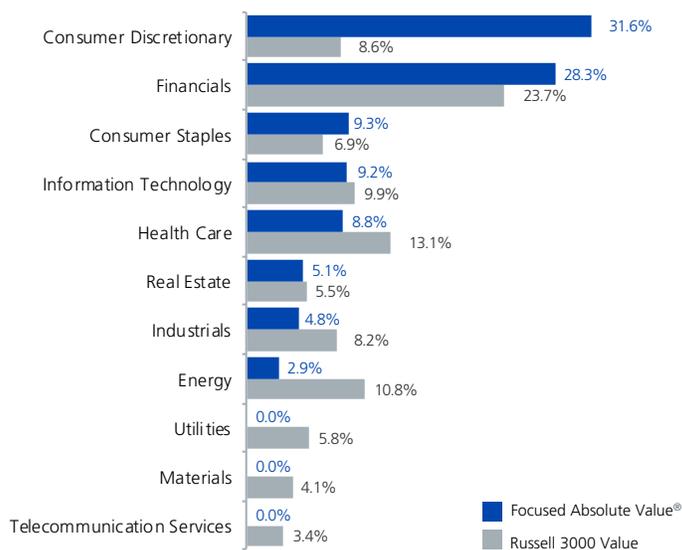
The sectors with the highest contribution to Portfolio return during Q2 were **Consumer Discretionary** and **Information Technology**. The top contributing holding was **Discovery Inc. (CI C) (DISCK)**, one of the largest content providers in the world, reaching more than three billion cumulative subscribers in 220 countries through both traditional linear and over-the-top (OTT) distribution. After a muted reaction to a better-than-expected Q1 earnings report that included a +71% increase to estimated cost synergies related to the recently completed Scripps acquisition, **DISCK received a substantial boost following the June 12 court ruling that approved the AT&T/Time Warner merger**. While our investment thesis is focused on DISCK's valuable content library, strong management, and robust free cash flow, **we remain cognizant of the company's potential value to an acquirer as perhaps the most attractive of the few remaining "free radicals" up for grabs in the rapidly consolidating entertainment and media space.**

The Portfolio's underweight allocation to the **Energy** sector was the largest detractor from relative return. The bottom contributing holding in the Portfolio during Q2 was **GCI Liberty Inc. (CI A) (GLIBA)**, whose primary assets include a 6.5% equity interest in Charter Communications (CHTR) and 100% ownership of the largest cable provider in Alaska. In April, CHTR reported Q1 results that disappointed the market as **video subscribers fell -122,000, fueling concerns video subscriber losses will accelerate due to the secular risk of "cord cutting."** However, these are low-margin customers and our investment thesis is driven by growing demand for CHTR's superior internet services at very high margins. **CHTR gained +331,000 internet subscribers in the quarter, driving the company's market penetration for internet services to nearly 50% of its footprint.** These gains drove a +5% increase in total revenue and a +6.5% increase in total EBITDA during the quarter.

From a Portfolio perspective, **we continue to believe the FAV Strategy is well positioned relative to the benchmark.** The Portfolio continues to reflect highly compelling fundamental characteristics, including '**valuation**' (price to cash flow of 10.8x versus 14.0x) and '**quality**' (return on equity of 11.9% versus 11.4%), according to FactSet.

*Discovering value,
off the beaten path®*

Sector Weightings



Portfolio Contribution

Top Contributors		Average Weight	Contribution to Return
DISCK	Discovery Inc. (CI C)	3.37%	+0.81%
MITL	Mitel Networks Corp.	1.87%	+0.78%
PINC	Premier Inc. (CI A)	5.08%	+0.77%
SABR	Sabre Corp.	3.58%	+0.54%
EXPE	Expedia Group Inc.	4.85%	+0.47%

Bottom Contributors		Average Weight	Contribution to Return
GLIBA	GCI Liberty Inc. (CI A)	4.71%	-0.85%
COTY	Coty Inc. (CI A)	2.05%	-0.56%
TWNK	Hostess Brands Inc. (CI A)	5.11%	-0.48%
BRK.B	Berkshire Hathaway Inc. (CI B)	7.07%	-0.45%
INT	World Fuel Services Corp.	0.45%	-0.22%

Characteristics

	FAV	R3000V
Number of Holdings	29	2,093
Price / Earnings ¹	11.7	16.8
Price / Cash Flow	10.8	14.0
Price / Book	1.61	2.03
ROE (5 YR Avg)	11.9	11.4
EPS Growth (5 YR)	8.0	5.3
LT Growth Forecast	7.8	9.5
Annualized Standard Deviation ²	11.55	10.02
Annualized Alpha ²	2.52	
Beta ²	1.03	
Turnover ³	127.96%	

Market Capitalization Breakdown

	FAV	R3000V
Wtd Median Market Cap	\$10.05 B	\$55.37 B
Wtd Avg Market Cap	\$62.58 B	\$107.34 B
Large Cap > \$15.0 B	38.1%	75.2%
Mid Cap \$3.0 - \$15.0 B	44.5%	18.6%
Small Cap < \$3.0 B	17.4%	6.2%

Top 10 Portfolio Holdings

Symbol	Company	% of Portfolio
BRK.B	Berkshire Hathaway Inc. (CI B)	6.60%
PINC	Premier Inc. (CI A)	5.46%
TWNK	Hostess Brands Inc. (CI A)	4.92%
GLIBA	GCI Liberty Inc. (CI A)	4.49%
CMCSA	Comcast Corp. (CI A)	4.46%
EXPE	Expedia Group Inc.	4.39%
KHC	Kraft Heinz Co.	4.28%
DISCK	Discovery Inc. (CI C)	4.04%
WTM	White Mountains Insurance Group Ltd.	3.76%
SABR	Sabre Corp.	3.73%

GICS sector and market cap breakdowns reflect percent of equity; stocks without a reported sector or market cap (e.g. corporate reorganizations, mergers, acquisitions, dissolutions) are not presented. ¹Excludes negative earnings. ²Risk characteristics based on trailing 60 month gross of fee composite performance. ³Average annual turnover since inception (January 1, 2009). Source: River Road Asset Management LLC, FactSet Research Systems Inc., and Russell Investment Group.

Portfolio contribution calculated for the Q2 2018 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 Focused Absolute Value® Composite and/or representative portfolio performance contact Thomas D. Mueller, CFA, CPA at (502) 371-4100 or thomas.mueller@riverroadam.com. Past performance is no guarantee of future results.

Representative Portfolios - Unless otherwise noted as Composite, the information presented is based on representative portfolios within the Focused Absolute 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. All representative portfolio information is supplemental to the 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. Registration of an investment adviser does not imply a certain level of skill or training. 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, CFA, CPA. The Composite contains fully discretionary accounts that seek capital appreciation by investing primarily in equity securities that trade at a discount to our assessed valuation as determined using RRAM's proprietary Absolute Value® approach. RRAM selects securities from a universe of companies that are held by other RRAM strategies, which typically includes all market capitalizations. RRAM employs a value-driven, bottom-up fundamental approach. The U.S. dollar is the currency used to express performance and includes the reinvestment of income. Composite performance is presented gross of foreign withholding taxes on dividends, interest income, and capital gains. All composite performance is after the deduction of trading costs. Net of fee composite performance is calculated using actual management fees. For periods including non-fee paying accounts, net was calculated for those accounts by applying the highest fee schedule.

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

The team of analysts involved with recommending investments for Focused Absolute Value® has changed and may continue to change over time.

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.

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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.

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