

Dividend All-Cap Value

A TOTAL RETURN STRATEGY | QUARTERLY UPDATE AS OF SEPTEMBER 30, 2018



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 (DAV) Strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from an all cap universe of high yielding equity securities. The Strategy invests in well-managed, financially strong companies with high and growing dividends, targeting companies that are also trading at meaningful discounts to our assessed valuations. Typical investment criteria include:

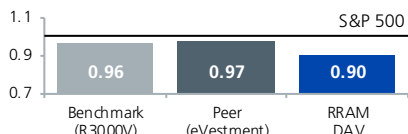
- Minimum market capitalization of \$300 MM at the time of initial purchase
- Indicated dividend yield of at least 2%

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 16% of peers over the prior five-year period²

Beta vs S&P 500 (Trailing 5 YR)²



Portfolio Managers



Henry W. Sanders III, CFA
29 years of experience;
managed Portfolio since inception

Bellarmine University, BA
Boston College, MBA



Thomas S. Forsha, CFA
20 years of experience;
managed Portfolio since 2007

The Ohio State University, BS
University of Chicago, MBA



James C. Shircliff, CFA
45 years of experience;
managed Portfolio since inception

University of Louisville, BS

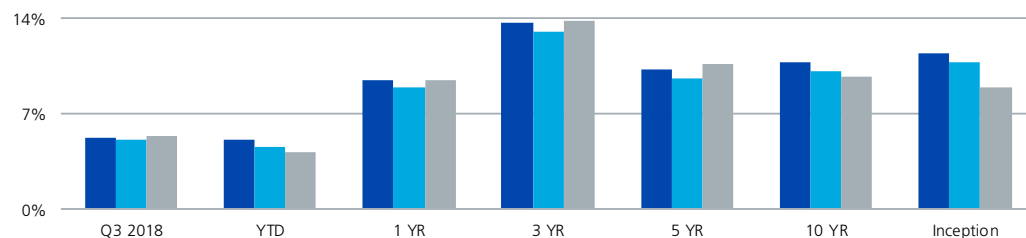


Andrew R. McIntosh, CFA
14 years of experience;
managed Portfolio since 2018

University of Iowa, BBA

Discovering value,
off the beaten path®

Performance Summary



| | Q3 2018 | YTD | 1 YR | 3 YR | 5 YR | 10 YR | Inception |
|------------------------|---------|--------|--------|--------|--------|--------|-----------|
| DAV Composite - Gross | 5.26% | 5.05% | 9.50% | 13.71% | 10.26% | 10.76% | 11.42% |
| DAV Composite - Net | 5.11% | 4.60% | 8.88% | 13.05% | 9.59% | 10.04% | 10.71% |
| Russell 3000 Value | 5.39% | 4.17% | 9.46% | 13.75% | 10.65% | 9.76% | 8.93% |
| Out / Underperformance | -0.13% | +0.88% | +0.04% | -0.04% | -0.39% | +1.00% | +2.49% |

Portfolio Yield: 3.63%¹

Performance is shown gross and net of fees. Inception date: October 1, 2003. Out/underperformance compares Dividend All-Cap Value gross performance and Russell 3000 Value. ¹Gross of fees; indicated portfolio yield does not anticipate special dividends. Information 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 as of the date of publication and is subject to change. 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

U.S. stocks delivered outstanding returns in Q3, bucking historical seasonal and election cycle trends. The S&P 500 surged +7.71%, its best performance since Q4 2013, as both broader earnings and economic trends remain robust. From a style and size perspective, **growth outperformed value across all market caps** and **large caps outperformed small caps**, with the Russell 1000 index returning +7.42% versus +3.58% for the Russell 2000.

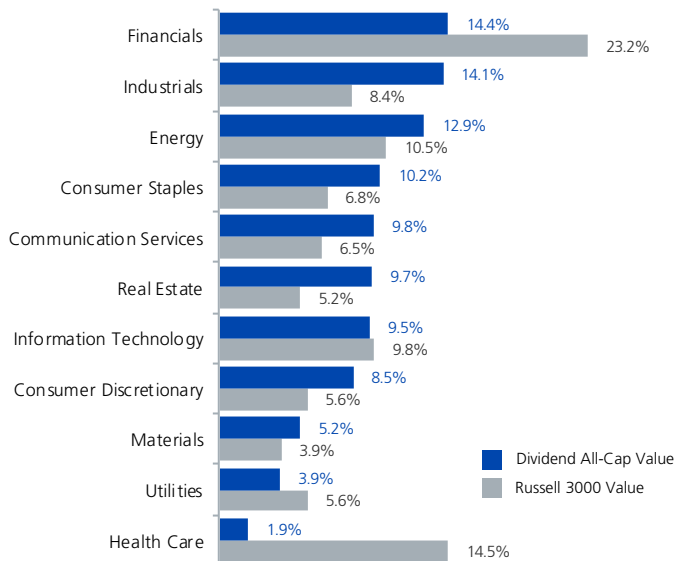
The DAV Composite underperformed in the third quarter, as **sector allocation was broadly negative**, with the largest adverse impacts on relative results coming from the underweight in the Health Care sector and the overweight in Consumer Discretionary. Given the strong absolute return for the benchmark, the cash balance also had an adverse impact on relative performance.

The sector with the highest contribution to relative return in the Portfolio for Q3 was **Information Technology**. The top contributing holding for the quarter was high tech glass manufacturer **Corning Inc. (GLW)**. In July, GLW reported strong results with all business segments meeting or exceeding expectations and management raised its full-year guidance. Market demand in several segments improved in the quarter and management executed well on the company's capacity expansion projects. Several of the company's largest **expansion projects have moved out of the start-up phase and are poised to drive a re-acceleration of revenue growth and margin expansion** in the second half of 2018.

The sector with the lowest contribution to relative return in the Portfolio for Q3 was **Health Care**. The largest negative contributor during the quarter was **Cedar Fair LP (FUN)**, the owner of regional amusement parks including Cedar Point, Knott's Berry Farm, and Kings Island. At the beginning of August, the company announced that **year-to-date attendance was down -3.0% which was tracking below our full-year estimate of +2.3%**. Management blamed record rainfall in the Mid-Atlantic region as well as cold weather that persisted into April and May in the Midwest. On 'good weather' weekends, attendance grew at a healthy mid-single-digit rate. An interim update provided in early September revealed that August had been a record month which supported management's argument that **attendance grew when the weather cooperated**. Full-year guidance implies an attendance decline of -1%.

While the election result and the tax reform that followed appear responsible for extending the market cycle, as yet there does not appear to be a third act planned for 2019. In fact, the very opposite may prove true. Therefore, **we cannot escape the conclusion that we may have reached the final stage of the market cycle**. We believe that the sharp drop in earnings growth that is expected in Q1 2019 bodes ill for growth stocks after two years of strong outperformance. However, as was the case in the wake of the 1998 Asian crisis, the U.S. equity market could benefit from a flight to safety, shrugging off any issues in foreign markets and surging to new highs. It is impossible to yet point to the exact event/factor that will ultimately bring value strategies to the fore, but we believe it is inevitable. As we saw in recent months, **we believe the near-term relative success of dividend stocks and the Dividend All-Cap Value Strategy will likely remain tied to broad perceptions of risk**.

Sector Weightings



Characteristics

| | DAV | R3000V |
|--|--------|--------|
| Number of Holdings | 62 | 2,114 |
| Dividend Yield ³ | 3.63 | 2.45 |
| Price / Cash Flow | 12.1 | 14.1 |
| ROE (5 YR Avg) | 16.9 | 11.5 |
| EPS Growth (5 YR) | 8.6 | 5.4 |
| Div / Share Growth (TTM) | 9.6 | 9.7 |
| Cash | 4.1% | |
| Annualized Standard Deviation ¹ | 9.31 | 9.64 |
| Jensen Alpha ¹ | 0.41 | |
| Beta ¹ | 0.92 | |
| Turnover ² | 34.56% | |

Market Capitalization Breakdown

| | DAV | R3000V |
|--------------------------|-----------|------------|
| Wtd Median Market Cap | \$36.07 B | \$57.97 B |
| Wtd Avg Market Cap | \$66.20 B | \$116.87 B |
| Large Cap > \$15.0 B | 68.7% | 75.9% |
| Mid-Cap \$3.0 - \$15.0 B | 23.8% | 18.2% |
| Small Cap < \$3.0 B | 7.5% | 5.8% |

Portfolio Contribution

| Top Contributors | Yield ³ | Average Weight | Contribution to Return |
|------------------------------|--------------------|----------------|------------------------|
| GLW Corning Inc. | 2.04% | 2.48% | +0.62% |
| FAST Fastenal Co. | 2.76% | 3.01% | +0.58% |
| QCOM QUALCOMM Inc. | 3.44% | 1.91% | +0.49% |
| TGT Target Corp. | 2.90% | 2.69% | +0.42% |
| MPC Marathon Petroleum Corp. | 2.30% | 3.12% | +0.41% |

| Bottom Contributors | Yield ³ | Average Weight | Contribution to Return |
|-----------------------------|--------------------|----------------|------------------------|
| FUN Cedar Fair LP | 6.84% | 1.41% | -0.26% |
| OMC Omnicom Group Inc. | 3.53% | 1.64% | -0.19% |
| KHC Kraft Heinz Co. | 4.54% | 1.34% | -0.16% |
| PII Polaris Industries Inc. | 2.38% | 0.79% | -0.15% |
| WY Weyerhaeuser Co. | 4.21% | 1.25% | -0.14% |

Top 10 Portfolio Holdings

| Symbol | Company | % of Portfolio | Yield ³ |
|--------|--------------------------|----------------|--------------------|
| MPC | Marathon Petroleum Corp. | 3.13% | 2.30% |
| FAST | Fastenal Co. | 3.06% | 2.76% |
| GLW | Corning Inc. | 2.90% | 2.04% |
| USB | U.S. Bancorp | 2.84% | 2.80% |
| TGT | Target Corp. | 2.83% | 2.90% |
| BBT | BB&T Corp. | 2.79% | 3.34% |
| PX | Praxair Inc. | 2.53% | 2.05% |
| IRM | Iron Mountain Inc. | 2.45% | 6.81% |
| CSCO | Cisco Systems Inc. | 2.11% | 2.71% |
| QCOM | QUALCOMM Inc. | 2.08% | 3.44% |

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. ¹Risk characteristics based on trailing 60 month gross of fee composite performance. ²Average annual turnover since inception (October 1, 2003). 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 Q3 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 Dividend All-Cap 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 Dividend All-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. Any periods prior to April 1, 2006, Dividend All-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. representative portfolio information is supplemental to the Composite presentation.

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

Performance presented prior to April 1, 2005 occurred 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.

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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 underpriced 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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