

Small Cap Value

QUARTERLY UPDATE AS OF MARCH 31, 2019



Investment Objective

Long-term total return > Russell 2000 Value index plus 200 to 400 bps

Strategy Highlights

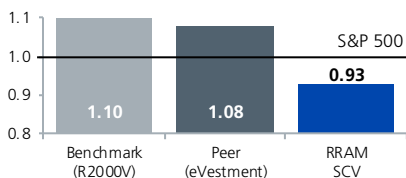
River Road's Small Cap Value (SCV) Strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from a universe of smaller capitalization stocks. The Strategy seeks to invest in well-managed, financially strong companies that are trading at meaningful discounts to our assessed valuations. 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 4% of peers over the prior five-year period¹

Beta vs S&P 500 (Trailing 5 YR)¹



Portfolio Managers



J. Justin Akin
16 years of experience;
managed Portfolio since 2012

Centre College, BS



R. Andrew Beck
20 years of experience;
managed Portfolio since 2000

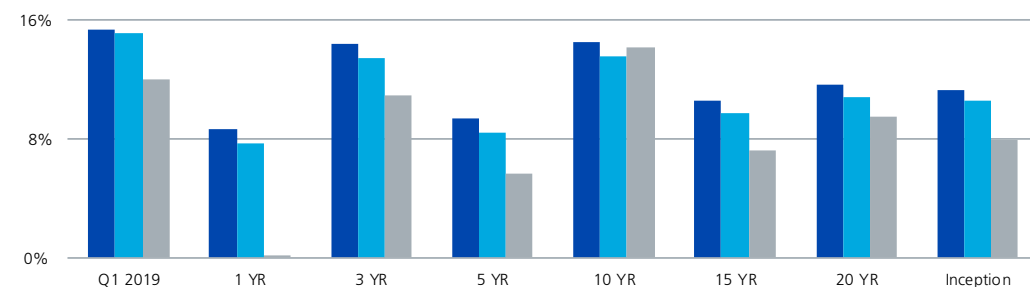
University of Louisville, BS
Babson College, MBA



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

University of Louisville, BS

Performance Summary



	Q1 2019	1 YR	3 YR	5 YR	10 YR	15 YR	20 YR	Inception
SCV Composite - Gross	15.30%	8.60%	14.37%	9.33%	14.48%	10.51%	11.63%	11.30%
SCV Composite - Net	15.06%	7.68%	13.42%	8.44%	13.57%	9.65%	10.79%	10.47%
Russell 2000 Value	11.93%	0.17%	10.86%	5.59%	14.12%	7.24%	9.40%	7.96%
Out / Underperformance	+3.37%	+8.43%	+3.51%	+3.74%	+0.36%	+3.27%	+2.23%	+3.34%
SCV Composite Beta				0.74	0.73	0.73	0.70	0.70
SCV Composite Anlzd Std Dev				12.54	13.50	14.49	13.88	13.92
Russell 2000 Value Anlzd Std Dev				15.68	17.51	18.41	17.93	18.09

Performance is shown gross and net of fees. 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 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

Stocks soared in Q1 following an abrupt pivot in Federal Reserve policy. Responding to slowing growth, Q4 market volatility, and tame inflation, Fed Chairman Jerome Powell unexpectedly communicated additional interest rate hikes are unlikely and the run-off of securities on the Fed's balance sheet is nearing an end.

Thus, **despite an equally abrupt slowdown in expected earnings growth, the S&P 500 rallied +13.65% for the quarter**, marking the strongest Q1 performance for the index since 1998. Small cap stocks slightly outperformed large cap with the Russell 2000 index returning **+14.58%** versus **+14.00%** for the Russell 1000. Given the macro environment, it is no surprise growth significantly outperformed value across all market caps.

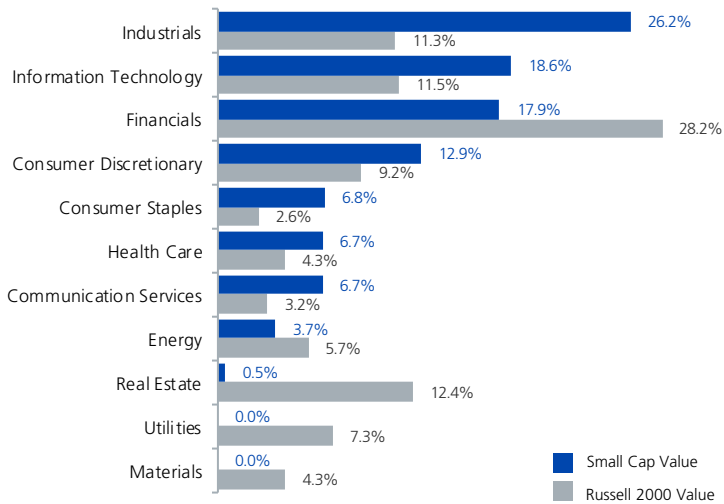
The sectors with the highest contribution to relative return in the Portfolio during Q1 were **Financials** and **Industrials**. Both sectors benefited from strong stock selection, while Financials also benefited from an underweight allocation. The top contributing holding during the quarter was **Cannae Holdings Inc. (CNNE)**, which owns a 24% equity stake in publicly traded HR software and services firm Ceridian (CDAY), a 25% stake in commercial data and analytics provider Dun & Bradstreet, and 100% of healthcare IT company T-System and restaurant chains *O'Charley's* and *99*. During Q1, **CNNE benefited from CDAY's +49% price appreciation during the quarter**, which reached new all-time highs since its April 2018 IPO. CNNE received another boost following its Q4 2018 conference call, when management disclosed it expects to achieve \$200 MM of cost savings from Dun & Bradstreet in the next two years. If achieved, these synergies could potentially increase our current assessed value by +29% (or roughly \$8/share).

The sectors with the lowest contribution to relative return in the Portfolio during Q1 were **Real Estate** and **Health Care**. Real Estate suffered from an underweight allocation and negative stock selection. Health Care suffered from negative stock selection. The largest negative contributor to performance during the quarter was **Premier Inc. (CI A) (PINC)**, a healthcare GPO and data analytics provider. While PINC reiterated full-year 2019 guidance, during the Q2 2019 conference call the CFO suggested **full-year EBITDA may fall below the midpoint due to lower reimbursement rates in the integrated pharmacy business as well as higher costs associated with direct product sourcing**.

Despite strong performance in recent quarters, we believe portfolio positioning remains an attractive balance of value, quality, and growth. According to FactSet, the Portfolio's price to cash flow (**valuation**) is **11.3x versus 11.9x** for the benchmark; return on equity (**quality**) is **9.7% versus 6.8%**; and the Portfolio's long-term earnings growth estimate (**growth**) is **+10.1% versus +8.5%**.

Discovering value,
off the beaten path®

Sector Weightings



Portfolio Contribution

Top Contributors	Average Weight	Contribution to Return
CNNE Cannae Holdings Inc.	4.22%	+1.51%
AWI Armstrong World Industries Inc.	2.88%	+0.94%
LILAK Liberty Latin America Ltd. (CI C)	2.67%	+0.80%
SNBR Sleep Number Corp.	1.29%	+0.65%
CSGS CSG Systems International Inc.	2.02%	+0.60%

Bottom Contributors	Average Weight	Contribution to Return
PINC Premier Inc. (CI A)	3.42%	-0.21%
MSGN MSG Networks Inc. (CI A)	1.00%	-0.10%
GNW Genworth Financial Inc. (CI A)	0.54%	-0.06%
HIHQ Health Insurance Innovations Inc. (CI A)	0.04%	-0.05%
PBF PBF Energy Inc. (CI A)	1.44%	-0.02%

Characteristics

	SCV	R2000V
Number of Holdings	63	1,366
Price / Earnings ¹	18.5	16.0
Price / Cash Flow	11.3	11.9
Price / Book	1.73	1.47
ROE (5 YR Avg)	9.7	6.8
EPS Growth (5 YR)	2.6	5.2
Cash Flow Growth (5 YR)	5.1	4.7
LT Growth Estimate	10.1	8.5
Annualized Standard Deviation ²	12.54	15.68
Jensen Alpha ²	4.98	
Beta ²	0.74	
Turnover ³	46.34%	

Top 10 Portfolio Holdings

Symbol	Company	% of Portfolio
CNNE	Cannae Holdings Inc.	4.73%
WTM	White Mountains Insurance Group Ltd.	4.57%
PINC	Premier Inc. (CI A)	3.50%
TWNB	Hostess Brands Inc. (CI A)	3.36%
AWI	Armstrong World Industries Inc.	3.18%
UNF	UniFirst Corp.	3.00%
LEXEA	Liberty Expedia Holdings Inc. (CI A)	2.96%
LILAK	Liberty Latin America Ltd. (CI C)	2.77%
ATSG	Air Transport Services Group Inc.	2.71%
STAY	Extended Stay America Inc.	2.58%

GICS sector breakdown reflects percent of equity; stocks without a reported sector 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, 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 2019 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 Composite and/or representative portfolio performance contact RRAMCompliance@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 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 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 RRAMCompliance@riverroadam.com.

The Small Cap Value Composite contains fully discretionary small cap value equity accounts that seek capital appreciation by investing primarily in small cap value domestic equity securities that trade at a discount to our valuation as determined using RRAM's proprietary Absolute Value® approach. For this Composite, RRAM defines a small cap company as one whose market capitalization is less than \$4 B. RRAM selects securities from a universe of companies with a market capitalization at the time of initial purchase typically between \$50 MM and \$4 B, employing a value-driven, bottom-up fundamental approach. The official benchmarks for the Composite are the Russell 2000 Value and the Russell 2000 indices. All other indices are shown for additional information only. 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 performance is calculated using actual management fees, which includes performance fees for some periods.

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. 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 of our portfolio are shown and 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 determined at the beginning of each quarter according to 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. RRAM may 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.

© Copyright: All rights reserved; 2019, River Road Asset Management, LLC.

