

Focused Absolute Value® II

A HIGH CONVICTION STRATEGY | QUARTERLY UPDATE AS OF MARCH 31, 2019



Investment Objective

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

Strategy Highlights

Focused Absolute Value® II (FAV II) 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 U.S. equity strategies, as recommended by the analyst team.¹

The FAV II Strategy leverages the existing Focused Absolute Value® (FAV) Strategy's portfolio design and investment process, but has a minimum market cap restriction at the time of initial purchase of \$1 B (versus \$250 MM for the FAV Strategy).

Portfolio Managers



R. Andrew Beck
President & CEO,
Senior Portfolio Manager

20 years of experience;
managed Portfolio since inception

University of Louisville, BS
Babson College, MBA



Thomas S. Forsha, CFA
Co-Chief Investment Officer &
Portfolio Manager

21 years of experience;
managed Portfolio since inception

The Ohio State University, BS
University of Chicago, MBA

Analyst Liaison

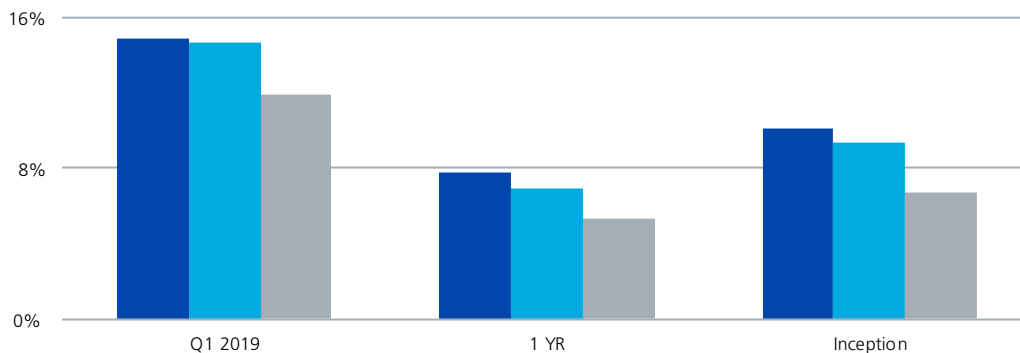


Ashley L. Abney, CPA
Senior Equity Research Analyst

13 years of experience

Centre College, BS

Performance Summary



	Q1 2019	1 YR	Inception
FAV II Composite - Gross	14.87%	7.80%	10.16%
FAV II Composite - Net	14.65%	6.99%	9.34%
Russell 3000 Value	11.93%	5.30%	6.76%
Out / Underperformance	+2.94%	+2.50%	+3.40%

Performance is shown gross and net of fees. Inception date: January 1, 2017. Out/underperformance compares Focused Absolute Value® II gross performance and Russell 3000 Value. ¹If a holding is liquidated from all RRAM portfolios, the stock must be sold from the Focused Absolute Value® II Portfolio within a reasonable period of time (typically less than 30 days). 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

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.

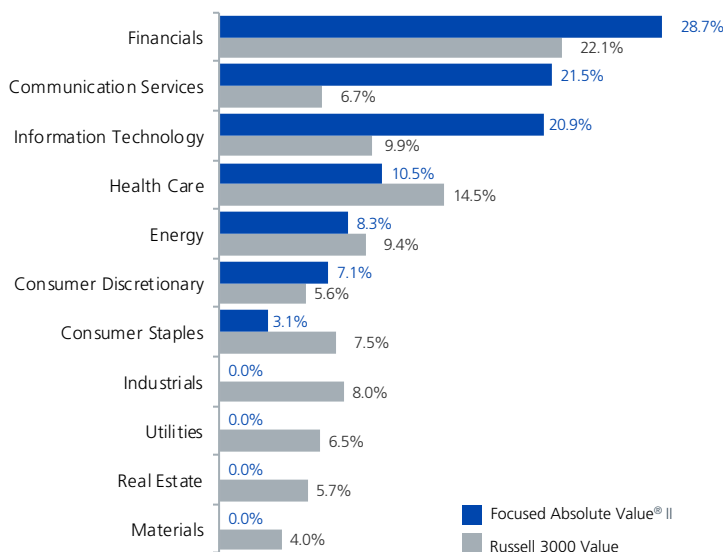
Thus, **despite an equally abrupt slowdown in expected earnings growth, the S&P 500 rallied +13.65% for the quarter**, marking **the strongest Q1 performance for the index since 1998**. Small cap stocks slightly outperformed large cap with the Russell 2000 index returning **+14.58%** versus **+14.00%**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

The top contributing holding in the Portfolio during the quarter was **Liberty Broadband Corp. (CI C) (LBRDK)**. LBRDK owns a 20% stake in Charter Communications (CHTR). In January, **Charter reported strong results in support of our investment thesis with accelerating internet subscriber growth and improved video subscriber trends**. Of the 50 million homes passed by Charter's network, 49.9% subscribed to Charter's internet services up from 42.0% in 2015, showing Charter's superior broadband network is driving market share gains. The number of lost video subscribers from cord-cutting was only -36,000 in the quarter compared to +289,000 internet subscriber adds. Additionally, internet subscribers carry much higher margins than video, driving adjusted EBITDA growth of +7.6% in the quarter. Charter was also actively repurchasing shares in the quarter at attractive prices.

The largest negative contributor to performance during the quarter was **BB&T Corp. (BBT)**, the eighth-largest financial institution in the United States, based on deposit market share. In February, BB&T announced a merger of equals with SunTrust (STI), a regional bank with a similar footprint in the southeast. Following a review of the deal, FAV initiated BB&T. **Shortly after establishing the position, the Fed voted to maintain its target rate range, suggesting an incrementally more dovish stance. Banks traded broadly lower on this news and BB&T followed suit.**

We believe **the FAV II Strategy's opportunistic, benchmark-independent style remains positioned to take advantage of even fleeting price dislocations created by rising volatility**, which remains a likely factor in the year ahead. The Strategy seeks to thrive in periods of elevated risk and volatility. Lastly, fundamentals remain attractive versus the Russell 3000 Value benchmark. According to FactSet, the Portfolio's price to cash flow (**valuation**) is **12.9x** versus **12.9x** for the index and return on equity (**quality**) is **15.5%** versus **11.8%**.

Sector Weightings



Characteristics

	FAV II	R3000V
Number of Holdings	24	2,088
Price / Earnings ¹	20.7	17.1
Price / Cash Flow	12.9	12.9
Price / Book	1.83	2.03
ROE (5 YR Avg)	15.5	11.8
EPS Growth (5 YR)	-1.1	4.0
LT Growth Estimate	9.7	8.4
Turnover ³	81.06%	

Market Capitalization Breakdown

	FAV II	R3000V
Wtd Median Market Cap	\$17.52 B	\$58.89 B
Wtd Avg Market Cap	\$106.31 B	\$117.26 B
Large Cap > \$15.0 B	57.1%	75.6%
Mid Cap \$3.0 - \$15.0 B	35.4%	18.5%
Small Cap < \$3.0 B	7.5%	6.0%

Portfolio Contribution

Top Contributors		Average Weight	Contribution to Return
LBRDK	Liberty Broadband Corp. (CI C)	5.98%	+1.54%
KMI	Kinder Morgan Inc. (CI P)	4.43%	+1.26%
BAM	Brookfield Asset Management Inc. (CI A)	5.52%	+1.15%
INT	World Fuel Services Corp.	3.34%	+1.03%
TECD	Tech Data Corp.	3.50%	+1.01%

Bottom Contributors		Average Weight	Contribution to Return
BBT	BB&T Corp.	1.72%	-0.28%
BRK.B	Berkshire Hathaway Inc. (CI B)	8.30%	-0.18%
AVYA	Avaya Holdings Corp.	1.96%	-0.10%
PINC	Premier Inc. (CI A)	0.36%	-0.02%
WBA	Walgreens Boots Alliance Inc.	0.37%	-0.02%

Top 10 Portfolio Holdings

Symbol	Company	% of Portfolio
BRK.B	Berkshire Hathaway Inc. (CI B)	7.94%
LBRDK	Liberty Broadband Corp. (CI C)	6.08%
BAM	Brookfield Asset Management Inc. (CI A)	6.03%
CMCSA	Comcast Corp. (CI A)	5.58%
SABR	Sabre Corp.	4.75%
LKQ	LKQ Corp.	4.68%
KMI	Kinder Morgan Inc. (CI P)	4.64%
CDK	CDK Global Inc.	4.44%
NCR	NCR Corp.	4.06%
AXS	Axis Capital Holdings Ltd.	3.91%

GICS sector and market cap breakdowns reflect percent of equity; stocks without a reported sector or market cap (e.g. corporate reorganizations, mergers, acquisitions, and dissolutions) are not presented. ¹Excludes negative earnings. ²Average annual turnover since inception (January 1, 2017). Source: River Road Asset Management LLC, FactSet Research Systems Inc., and Russell Investment Group.

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 Focused Absolute Value® II 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 to the Composite presentation.

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The Focused Absolute Value® II Composite contains fully discretionary accounts that seek capital appreciation by investing primarily in equity securities that have a market capitalization of typically at least \$1 B at the time of initial purchase and that trade at a discount to our 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 official benchmark for the Composite is the Russell 3000 Value Index. 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. The net of fee returns presented are not actual management fees, but are calculated by applying the highest fee schedule effective at that time.

The team of analysts involved with recommending investments for Focused Absolute Value® II 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 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.

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