

Small Cap Value

QUARTERLY UPDATE AS OF SEPTEMBER 30, 2019



Investment Objective

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

Strategy Highlights

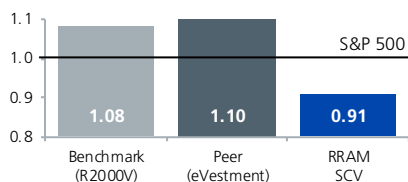
River Road's Small Cap Value (SCV) Strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from a universe of smaller capitalization stocks. The Strategy seeks to invest in well-managed, financially strong companies that are trading at meaningful discounts 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 3% 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

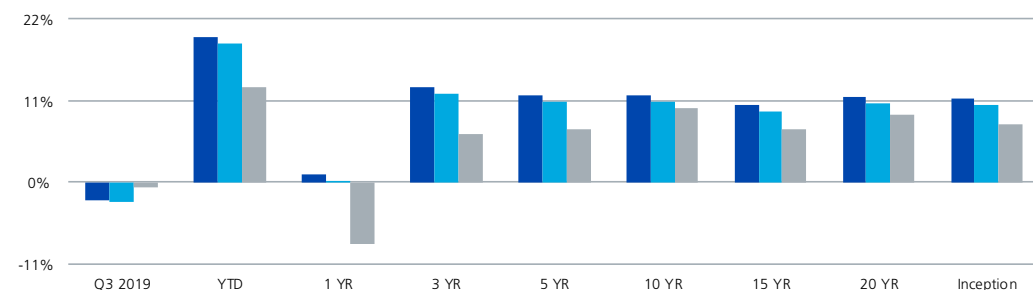


R. Andrew Beck
20 years of experience;
managed Portfolio since 2000
University of Louisville, BS
Babson College, MBA



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

Performance Summary



	Q3 2019	YTD	1 YR	3 YR	5 YR	10 YR	15 YR	20 YR	Inception
SCV Composite - Gross	-2.46%	19.44%	1.12%	12.82%	11.75%	11.77%	10.34%	11.55%	11.21%
SCV Composite - Net	-2.66%	18.68%	0.25%	11.87%	10.83%	10.88%	9.48%	10.71%	10.38%
Russell 2000 Value	-0.57%	12.82%	-8.24%	6.54%	7.17%	10.06%	7.23%	9.05%	7.81%
Out / Underperformance	-1.89%	+6.62%	+9.36%	+6.28%	+4.58%	+1.71%	+3.11%	+2.50%	+3.40%
SCV Composite Beta					0.74	0.75	0.74	0.70	0.70
SCV Composite Anlzd Std Dev					12.63	13.41	14.61	13.96	13.92
Russell 2000 Value Anlzd Std Dev					15.94	17.00	18.57	18.01	18.11

Performance is shown gross and net of fees. Inception date: January 1, 1998. Out/underperformance compares the gross Composite and index. 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

The quarter was tumultuous for investors, who were bombarded with mixed signals regarding the economy, earnings, the U.S.-China trade dispute, interest rates, and the global political landscape. The result was a flight to safety that saw **30-year Treasury yields hit an all-time low** and **the most violent factor rotation among stocks since the financial crisis**. Equity returns were mixed with the S&P 500 index returning a modest **+1.70%** versus **-2.40%** for the Russell 2000 index.

Style trends were mixed across market caps, with **value slightly underperforming growth among large caps, but significantly outperforming among small caps**. Year to date, value continues to lag growth across all market caps.

The sectors with the highest contribution to relative return in the Portfolio during the quarter were **Energy** and **Consumer Staples**. Energy benefited from an underweight allocation and positive stock selection. Consumer Staples benefited from an overweight allocation and positive stock selection.

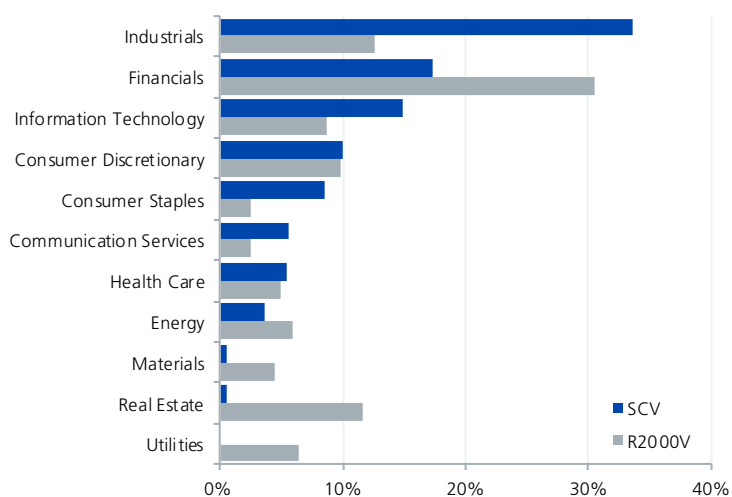
The top contributing holding in the Portfolio during Q3 was **Computer Services Inc. (CSVI)**, a provider of core processing services and a variety of technology solutions for small banks. In July, CSVI reported strong fiscal Q1 results including **broad-based organic growth, a third straight quarter of operating margin expansion, and record free cash flow**. The strong earnings and cash flow also led to the company's largest dividend hike (+16.7%) since 2014, marking the 48th consecutive annual raise.

The sectors with the lowest contribution to relative return in the Portfolio during the quarter were **Health Care** and **Consumer Discretionary**. Both sectors suffered primarily from poor stock selection.

The largest negative contributor to performance in Q3 was **Premier Inc. (CI A) (PINC)**, a healthcare GPO and data analytics provider for hospitals. PINC reported fiscal fourth quarter EBITDA ahead of consensus and issued fiscal 2020 guidance in line with expectations. However, **the stock sold off sharply late in the quarter when a short seller published a negative report on PINC**. It argues the two largest members of the GPO (contracts expire on September 30, 2020) will demand a much higher share of gross administrative fees and other members will follow suit, although 87% of the GPO business is under contract until September 30, 2023. Our research suggests PINC should be able to maintain economics similar to the past due to high switching costs and the tremendous savings delivered to members.

Despite the macro crosscurrents, we believe **portfolio positioning remains a highly attractive balance of value and quality**. According to FactSet, the Portfolio's EV/EBITDA (valuation) is **9.1x versus 9.9x** for the benchmark and return on equity – five-year average (quality) is **9.8% versus 7.0%**. Relative long-term forecasted earnings growth has declined a bit (+7.6% versus +8.0%) but we believe this statistic will return to trend in the quarters ahead.

Sector Weightings



Portfolio Contribution

Top Contributors	Avg Wgt	Contrib
CSVI Computer Services Inc.	2.48%	+0.54%
IMKTA Ingles Markets Inc. (CI A)	2.21%	+0.53%
AXE Anixter International Inc.	1.19%	+0.27%
ATKR Atkore International Group Inc.	1.42%	+0.23%
WTM White Mountains Insurance Group Ltd.	4.08%	+0.21%

Bottom Contributors

PINC Premier Inc. (CI A)	4.00%	-1.12%
REZI Resideo Technologies Inc.	1.22%	-0.55%
HSC Harsco Corp.	1.18%	-0.46%
ATSG Air Transport Services Group Inc.	2.47%	-0.38%
CNDT Conduent Inc.	0.76%	-0.34%

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 calendar year 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 Q3 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 a representative portfolio. If no single representative portfolio is available to represent the Strategy since inception, different representative portfolios and/or the composite are used for different periods to create a continuous representative portfolio. The representative portfolio is selected by the firm as a representative account that is deemed to best represent this management style using a pre-defined, objective set of criteria. All representative portfolio data is shown as supplemental information to the Composite presentation. Each client portfolio is individually managed and may vary from the information shown for the representative portfolio.

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.

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Characteristics

	SCV	R2000V
Number of Holdings	65	1,402
Price / Earnings ¹	15.5	15.9
Price / Cash Flow	11.0	12.0
Price / Book	1.90	1.43
ROE (5 YR Avg)	9.8	7.0
EPS Growth (5 YR)	2.1	6.0
Cash Flow Growth (5 YR)	7.6	5.2
LT Growth Estimate	7.6	8.0
Annualized Standard Deviation ²	12.63	15.94
Jensen Alpha ²	6.22	
Beta ²	0.74	
Turnover ³	46.34%	

Top 10 Portfolio Holdings

Symbol	Company	% of Port
CNNE	Cannae Holdings Inc.	4.96%
WTM	White Mountains Insurance Group Ltd.	4.14%
TWNC	Hostess Brands Inc. (CI A)	3.62%
UNF	UniFirst Corp.	3.11%
PINC	Premier Inc. (CI A)	3.11%
TECD	Tech Data Corp.	2.64%
CSVI	Computer Services Inc.	2.63%
ATSG	Air Transport Services Group Inc.	2.54%
STAY	Extended Stay America Inc.	2.48%
LILAK	Liberty Latin America Ltd. (CI C)	2.34%

