

International Equity ADR

QUARTERLY UPDATE AS OF MARCH 31, 2020



Investment Objective

Long-term total return \geq MSCI EAFE index plus 200 bps

Volatility Objective

Target volatility \leq MSCI EAFE

Strategy Highlights

River Road's International Equity ADR (iADR) Strategy seeks to provide long-term capital appreciation by investing primarily in non-U.S. companies trading as ADRs or otherwise traded in the United States.

The Strategy seeks to invest in high quality companies with improving fundamentals, trading at attractive valuations. Typical investment criteria include a minimum market capitalization of \$3 B and average daily liquidity of \$5 MM (including both ADR and local market liquidity).

The stock selection process is complemented by a risk averse approach that employs balanced diversification and a structured sell discipline.

Portfolio Manager

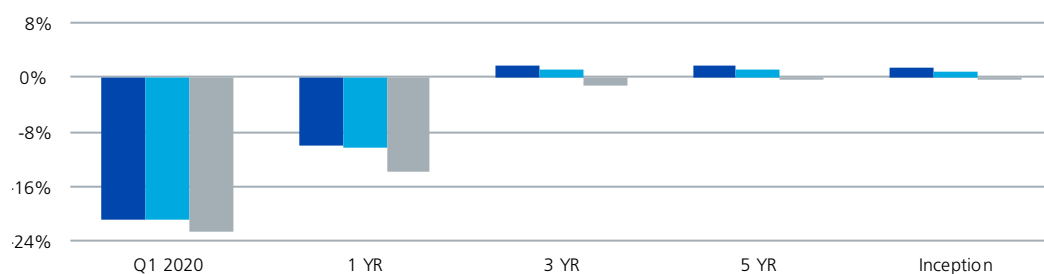


Wenjun (William) Yang, CFA

18 years of experience;
managed Portfolio since inception

Shanghai Jiao Tong University, BS
Shanghai Institute of Foreign Trade, MS
Texas Christian University, MBA

Performance Summary



	Q1 2020	1 YR	3 YR	5 YR	Inception
iADR Composite - Gross	-20.90%	-9.96%	1.66%	1.60%	1.50%
iADR Composite - Net	-21.01%	-10.43%	1.10%	0.95%	0.78%
MSCI EAFE	-22.72%	-13.92%	-1.33%	-0.13%	-0.06%
Out / Underperformance	+1.82%	+3.96%	+2.99%	+1.73%	+1.56%
iADR Composite Beta				0.93	0.93
iADR Composite Anlzd Std Dev				13.33	12.69
MSCI EAFE Anlzd Std Dev				13.99	13.29

	2019	2018	2017	2016	2015	2014
iADR Composite - Gross	27.71%	-12.44%	26.48%	-0.85%	3.21%	-4.13%
iADR Composite - Net	27.02%	-12.92%	25.69%	-1.57%	2.32%	-5.11%
MSCI EAFE	22.66%	-13.36%	25.62%	1.51%	-0.39%	-4.48%
Out / Underperformance	+5.05%	+0.92%	+0.86%	-2.36%	+3.60%	+0.35%

Performance is shown gross and net of fees. Inception date: January 1, 2014. Out/underperformance compares the gross Composite and index. Source: River Road Asset Management LLC, FactSet Research Systems Inc., and MSCI Inc. Past performance is no guarantee of future results. Beta and standard deviation are supplemental to the Composite presentation. Please see reverse side for important disclosure information.

Portfolio Review

Global equity markets plunged into bear territory with record speed in Q1 in response to the COVID-19 pandemic and plummeting energy prices. Developed international markets, as measured by the MSCI EAFE, and Emerging Markets, as measured by the MSCI EM, fell **-22.72%** and **-23.57%**, respectively, during Q1 versus **-19.60%** for the U.S. equity market, as measured by the S&P 500.

From a regional perspective, **Europe (ex UK) (+75 bps)** and **Asia-Pacific (ex Japan) (+33 bps)** continued to be the top two contributors to relative return. Outperformance was partially offset by exposure to **Emerging Markets (-34 bps)** and **North America (-25 bps)**.

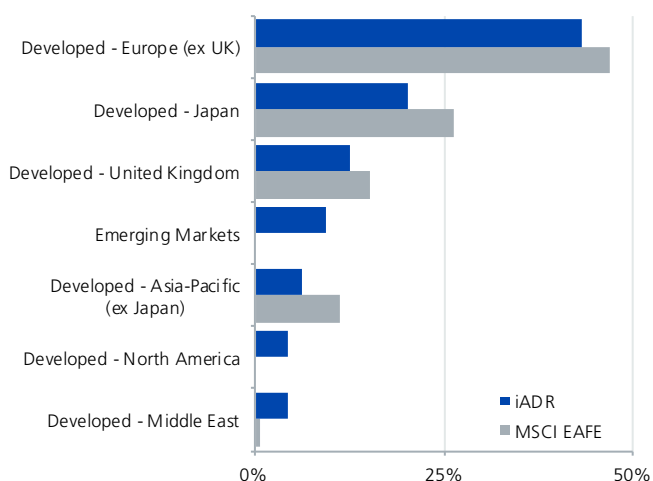
From a sector perspective, **Financials (+83 bps)** and **Information Technology (+58 bps)** were the largest contributors to relative performance. Outperformance was partially offset by **Consumer Staples (-73 bps)** and **Consumer Discretionary (-33 bps)**.

The top contributing holding in the Portfolio during Q1 was **Murata Manufacturing Co. Ltd. Unsponsored ADR (MRAAY)**, a global leader in the design, manufacture, and supply of passive components for electronic devices. MRAAY is the **dominant player** in the fast-growing Multilayer Ceramic Chip Capacitor (MLCC, 35% market share) and Surface Acoustic Wave (SAW, 45% market share) markets. As the world leader in developing and manufacturing higher capacity product in smaller size modules, MRAAY boasts **among the highest operating margins and ROIC** in the industry. We expect to see **limited impact on the company's operating profit from COVID-19** due to continued robust demand from handset manufacturers.

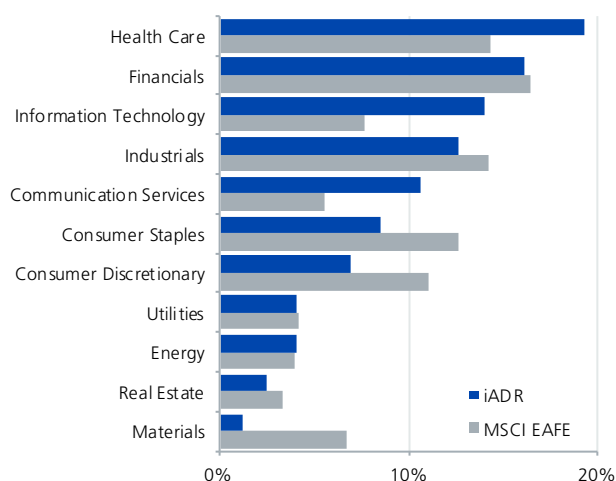
The largest negative contributing holding in Q1 was **Airbus SE Unsponsored ADR (EADSY)**, the world's second-largest aerospace and defense company. EADSY released solid Q4 results, bolstered by strong 2019 aircraft deliveries. However, the COVID-19 pandemic suddenly grounded global air fleets and led to numerous order cancellations and delivery delays, which **gave rise to liquidity concerns**. We view bankruptcy risk for EADSY as relatively low and believe the company is likely to receive government support. However, the prolonged flight groundings could **further deteriorate the company's sales outlook and add pressure on its operating profit margin**.

Although global equity market recovery is unlikely to continue unabated owing to the highly uncertain economic impact and path of the COVID-19 pandemic, we believe **developed international markets have returned to attractive valuations on an absolute basis and remain attractive relative to the United States**.

Region Weightings



Sector Weightings



Characteristics

	iADR	MSCI EAFE
Number of Holdings	52	918
ROE (5 YR Avg)	16.7	14.0
EV / EBITDA ¹	10.3	10.7
LT Growth Forecast	7.1	6.9
Dividend Yield ²	2.85	3.62
Wtd Avg Mkt Cap (B)	\$67.28	\$58.17
Wtd Med Mkt Cap (B)	\$34.86	\$31.49
Cash	4.5%	
Annualized Standard Deviation ³	13.33	13.99
Jensen Alpha ³	1.64	
Beta ³	0.93	
Dollar Turnover ⁴	41.66%	

Region and sector breakdowns reflect percent of equity. Region classifications are determined by River Road; underlying country classifications are primarily determined by MSCI; stocks not classified by this methodology are not presented. Sector classifications provided from GICS; stocks not classified by this methodology are not presented. ¹EBITDA exclude banks, thrifts, and insurers. ²Gross of fees; indicated yield does not anticipate special dividends. ³Risk characteristics based on trailing 60 month gross of fee composite performance. ⁴Average calendar year turnover since inception (January 1, 2014). Dollar turnover, the lesser of purchases or sales as a percentage of the average market value, is presented as an average of portfolios in the Composite. ⁵Melco Resorts and Entertainment Ltd. 5hs Sponsored American Deposit Receipt Repr 3 Shs. Source: River Road Asset Management LLC, FactSet Research Systems Inc., and MSCI Inc.

Portfolio contribution calculated for the Q1 2020 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: Performance data based on the Composite, all other data 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.

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The International Equity ADR Composite contains fully discretionary accounts that seek capital appreciation by investing primarily in non-U.S. companies that trade at a discount to valuation. For this Composite, RRAM defines non-U.S. companies as ADRs and other non-U.S. companies traded in the United States on an exchange, OTC, pink sheets or otherwise. The official benchmark for the Composite is the MSCI EAFE Gross Index. The MSCI EAFE Gross Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia, and the Far East, excluding the U.S. and Canada. The Index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalization in each of the 21 countries. Gross total return indexes reinvest as much as possible of a company's dividend distributions. The reinvested amount is equal to the total dividend amount distributed to persons residing in the country of the dividend-paying company. Gross total return indexes do not, however, include any tax credits. Composite performance may differ materially from the index as the investment universe for the composite and the index are different. All other indices are shown for additional information only. The U.S. Dollar is the currency used to express performance. Throughout the presentation, Composite performance is presented gross of investment management fees, after the deduction of trading costs and includes the reinvestment of income. Starting October 1, 2016, composite performance is presented gross of foreign withholding taxes on dividends, interest income, and capital gains. Prior to October 1, 2016, composite performance is presented gross and net of foreign withholding taxes on dividends, interest income, and capital gains, depending on the treatment by the custodian. Net of fee 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 effective at that time.

The Composite was created October 1, 2016. Performance presented prior to October 1, 2016 occurred while the portfolio manager was affiliated with prior firms and the portfolio manager was the only individual 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 ACA Performance Services, LLC.

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.

Portfolio and index characteristics such as EV/EBITDA are based on companies' most recent filings as of this report date (values for many companies may be as of the prior period). Most company share-related characteristics exclude outliers. Outlier exclusion methods include interquartile and inverse interquartile, the universe for determining outliers is the MSCI ACWI. For more information, please contact RRAM.

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Portfolio Contribution

Top Contributors	Avg Wgt	Contrib
MRAAY Murata Manufacturing Co. Ltd. Unsponsored ADR	0.12%	+0.18%
ESLT Elbit Systems Ltd.	0.23%	+0.13%
RHHBY Roche Holding Ltd. Sponsored ADR	3.90%	+0.11%
NTDOY Nintendo Co. Ltd. Unsponsored ADR	1.82%	+0.10%
KAOOY Kao Corp. Unsponsored ADR	1.28%	+0.06%

Bottom Contributors	Avg Wgt	Contrib
EADSY Airbus SE Unsponsored ADR	1.47%	-1.13%
DBSDY DBS Group Holdings Ltd. Sponsored ADR	2.69%	-0.97%
MLCO Melco Resorts and Entertainment Ltd. Sponsored ADR ⁵	1.52%	-0.96%
AXAHY AXA SA Sponsored ADR	2.33%	-0.95%
IR / TT Ingersoll Rand Inc. / Trane Technologies PLC	2.44%	-0.84%

