

Large Cap Value Select

A CONCENTRATED, HIGH CONVICTION STRATEGY | QUARTERLY UPDATE AS OF DECEMBER 31, 2020



Investment Objective

Long-term total return = Russell 1000 Value index plus 200 bps to 400 bps

Strategy Highlights

River Road's Large Cap Value Select (LCVS) Strategy is a concentrated, high conviction value strategy comprised of companies that exhibit attractive business models, shareholder-oriented management, and financial strength.

The Strategy's investment universe formally consists of all North American listed equity securities with market capitalizations greater than \$2 B at the time of initial purchase.

Portfolio Managers



Daniel R. Johnson, CFA, CPA

14 years of experience;
managed Portfolio since inception

University of Kentucky, BS
University of Kentucky, Macc

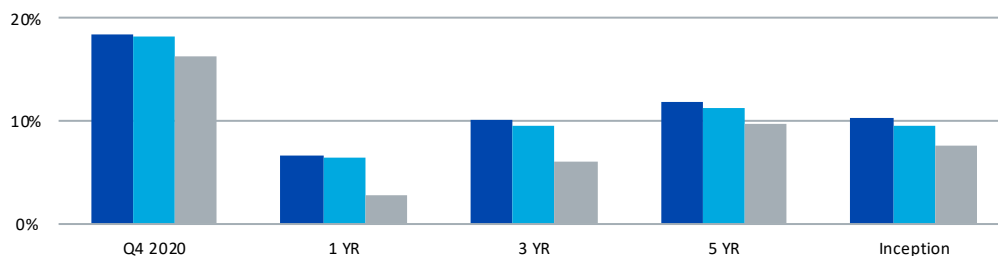


Matt W. Moran, CFA

20 years of experience;
managed Portfolio since inception

Bradley University, BS
University of Chicago, MBA

Performance Summary



	Q4 2020	1 YR	3 YR	5 YR	Inception
LCVS Composite - Gross	18.39%	6.70%	10.00%	11.84%	10.19%
LCVS Composite - Net	18.31%	6.40%	9.50%	11.24%	9.57%
Russell 1000 Value	16.25%	2.80%	6.07%	9.74%	7.61%
Out / Underperformance	+2.14%	+3.90%	+3.93%	+2.10%	+2.58%

Performance is shown gross and net of fees. Inception date: November 1, 2014. Out/underperformance compares the gross Composite and index. Index data source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"), © LSE Group. Past performance is no guarantee of future results. Please see appendix for the disclosure presentation.

Portfolio Review

2020 was a remarkable year. Market events typically experienced over years compressed into weeks and quarters, as **the longest bull market on record collapsed abruptly** into the shortest bear market recession on record, followed by **the most powerful nine-month recovery in history**. 2020 saw the **worst global medical crisis in 100 years** (+1.8 million deaths globally), the **most widespread global recession since 1870**, and arguably the **most divisive election since the Civil War**. Fear soared as **the VIX reached its highest reading ever** and the **10-year Treasury yield fell to a record low**. Yet, we also witnessed **the hottest IPO market since the tech-bubble, growth crushing value, and nearly every major stock index ending the year at all-time highs**.

For Q4, strong stock selection in **Communication Services** and **Consumer Discretionary** and an overweight allocation in **Financials** drove outperformance for the Large Cap Value Select Portfolio.

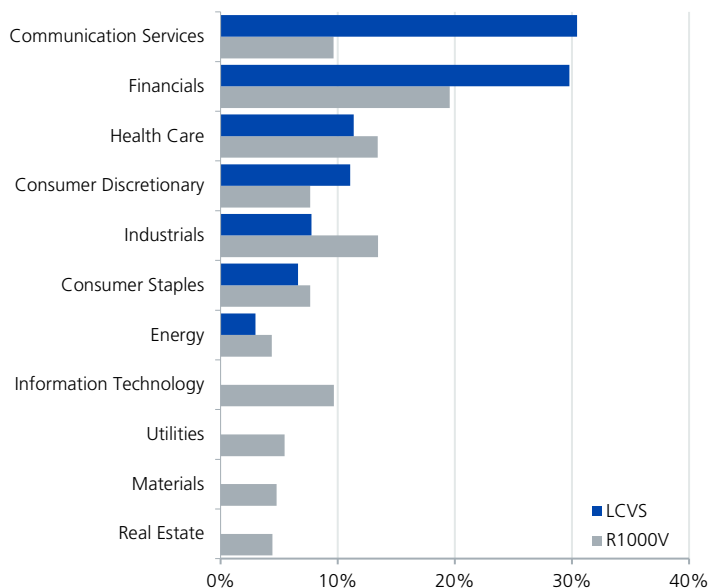
The top contributing holding in the Portfolio during Q4 was **Liberty Media Corp. Series C Liberty SiriusXM (LSXMK)**, a tracking stock for Liberty Media's **74.4% stake in Sirius XM (SIRI)**. **SIRI is the monopoly satellite radio provider** that has **grown its subscriber base** (~34 million total subs, 30 million are self-pay) and its **pricing despite the explosion in audio streaming options** (e.g., free podcasts, Apple CarPlay, and Android Auto) and the persistent allure of free terrestrial radio. **We believe the pandemic settled the argument surrounding the resiliency of the SIRI business model** and the company passed the economic test with flying colors during 2020. The company **added subscribers, raised prices, reported record-breaking churn, raised the dividend, repurchased shares, and signed Howard Stern to another five-year contract**. **LSXMK ended the year trading at a historically wide 33% discount to the mark-to-market value of its stake in SIRI and Live Nation Entertainment Inc. (LYV)**.

The largest negative contributor during the quarter was **Nintendo Co. Ltd. Unsponsored ADR (NTDOY)**, a provider of home entertainment products and services and one of the largest video game companies in the world. The future looks bright as the company continues to shift its business to a **recurring revenue subscription model** (away from a lumpy, low-margin hardware business), a new partnership with Tencent **is poised to penetrate the world's largest gaming market in China**, and NTDOY has displayed a willingness to monetize its games on various mobile platforms. **The emergence of a COVID-19 vaccine weighed on 'stay-at-home stocks' like NTDOY** as well as investor concerns over the holiday popularity of new competing Microsoft (Xbox Series X/S) and Sony (PlayStation 5) consoles. We agree with Brian Roberts, the CEO of our long-time holding Comcast, that **the NTDOY brand represents "rarefied air"** and we will place the company on our watch list and hope for a future opportunity to invest.

While balancing value, quality, financial strength, and conviction has become increasingly challenging, we believe the Portfolio is attractively positioned. According to FactSet, the Portfolio's valuation (as measured by EV/EBITDA) is **11.8x** versus **13.0x** for the Russell 1000 Value benchmark and **17.3x** for the Russell 1000. While the Portfolio's quality, as measured by five-year average return on equity, continues to be slightly below the benchmark, we have maintained a financially strong Portfolio with a net leverage ratio of **2.0x** versus **2.5x** for the benchmark. Stocks rated as high conviction represent two-thirds of the Portfolio at year end. We look forward to building these positions in 2021.

Discovering value,
off the beaten path®

Sector Weightings



Portfolio Contribution

Top Contributors		Avg Wgt	Contrib
LSXMK	Liberty Media Corp. Series C Liberty SiriusXM	6.22%	+1.88%
AFG	American Financial Group Inc.	2.77%	+1.62%
MSGE	Madison Square Garden Entertainment Corp. (CI A)	4.04%	+1.54%
FNF	Fidelity National Financial Inc. - FNF Group	5.11%	+1.27%
LKQ	LKQ Corp.	4.18%	+1.16%

Bottom Contributors		Avg Wgt	Contrib
NTDOY	Nintendo Co. Ltd. Un-sponsored ADR	1.07%	-0.09%
NSRGY	Nestle S.A. Sponsored ADR	4.57%	+0.04%
PGR	Progressive Corp.	4.59%	+0.21%
KKR	KKR & Co. Inc.	2.29%	+0.28%
PINC	Premier Inc. (CI A)	3.88%	+0.33%

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. ¹EBITDA excludes banks, thrifts, and insurers. ²Price/earnings excludes negative earnings. ³Risk characteristics are based on trailing 60-month gross of fee composite performance. ⁴Average calendar year turnover. 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. Index data source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group.

Portfolio contribution calculated for the Q4 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: 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®). A GIPS Report is available upon request by contacting RRAMCompliance@riverroadam.com. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Large Cap Value Select Composite contains fully discretionary accounts that seek long-term capital appreciation by investing primarily in equity securities that trade at a discount to our valuation as determined using RRAM's proprietary Absolute Value® approach. The composite may also be invested in Real Estate Investment Trusts (REITs), publicly traded partnerships, investment companies, convertible securities, and foreign stocks. Prior to September 30, 2020, the Composite was known as the Select Value Composite. The official benchmark for the Composite is the Russell 1000 Value Index. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. 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. For periods including non-fee paying accounts, net was calculated for those accounts by applying the highest fee schedule effective at that time. Unless otherwise noted, performance provided for periods greater than one year is annualized.

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.

Unless otherwise noted, share-related characteristics are provided by FactSet. Portfolio and index characteristics 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 Russell 3000. For more information, please contact RRAM.

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Characteristics

	LCVS	R1000V
Number of Holdings	21	855
EV / EBITDA ¹	11.8	13.0
Price / Earnings ²	20.4	22.4
Price / Book	2.33	2.42
Price / Cash Flow	13.6	16.5
ROE (5 YR Avg)	14.0	15.2
EPS Growth (5 YR)	15.3	8.5
LT Growth Estimate	10.2	6.9
Annualized Standard Deviation ³	17.33	16.13
Jensen Alpha ³	1.87	
Beta ³	1.03	
Dollar Turnover (3 YR Avg) ⁴	78.9%	

Market Capitalization Breakdown

	LCVS	R1000V
Wtd Median Market Cap	\$42.71 B	\$69.47 B
Wtd Avg Market Cap	\$169.63 B	\$133.77 B
Large/Mega: > \$25 B	63.7%	74.7%
Md: \$5 B - \$25 B	28.4%	22.7%
Micro/Small: < \$5 B	7.9%	2.7%

Top 10 Portfolio Holdings

Symbol	Company	% of Port
BRK.B	Berkshire Hathaway Inc. (CI B)	8.97%
CMCSA	Comcast Corp. (CI A)	8.18%
LBRDK	Liberty Broadband Corp. (CI C)	7.44%
NSRGY	Nestle S.A. Sponsored ADR	6.39%
LSXMK	Liberty Media Corp. Series C Liberty SiriusXM	6.39%
KKR	KKR & Co. Inc.	6.01%
FNF	Fidelity National Financial Inc. - FNF Group	5.27%
DLTR	Dollar Tree Inc.	5.14%
PGR	Progressive Corp.	4.64%
GD	General Dynamics Corp.	4.58%

