

Dividend All-Cap Value II

A TOTAL RETURN STRATEGY | QUARTERLY UPDATE AS OF JUNE 30, 2021



FOR PROFESSIONAL INVESTORS ONLY

Investment Objectives

- Long-term total return > Russell 3000 Value index plus 200 to 400 bps
- Target yield \geq 150% of the Russell 3000 Value index
- Target volatility < Russell 3000 Value

Strategy Summary

River Road's Dividend All-Cap Value II (DAV II) Strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from an all cap universe of high yielding equity securities. The Strategy seeks to invest in well-managed, financially strong companies with high and growing dividends, targeting companies that are also trading at meaningful discounts to our assessed valuations. Typical investment criteria include:

- Minimum market cap of \$1 B at the time of purchase
- Indicated dividend yield of at least 2%

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

Portfolio Managers



Thomas S. Forsha, CFA
23 years of experience;
managed Portfolio since 2007

The Ohio State University, BS
University of Chicago, MBA



Henry W. Sanders III, CFA
32 years of experience;
managed Portfolio since inception

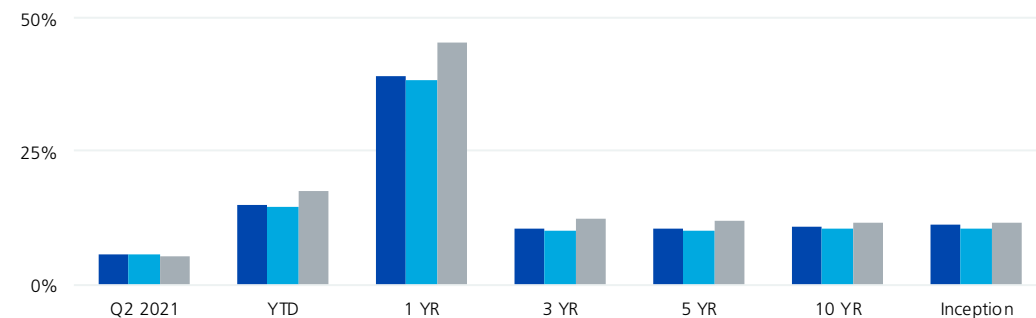
Bellarmine University, BA
Boston College, MBA



Andrew R. McIntosh, CFA
17 years of experience;
managed Portfolio since 2018

University of Iowa, BBA

Trailing Returns



	Q2 2021	YTD	1 YR	3 YR	5 YR	10 YR	Inception
DAV II Composite - Gross	5.68%	14.84%	39.03%	10.68%	10.54%	11.04%	11.15%
DAV II Composite - Net	5.57%	14.60%	38.45%	10.24%	10.12%	10.54%	10.63%
Russell 3000 Value	5.16%	17.67%	45.40%	12.23%	11.99%	11.54%	11.56%
Out / Underperformance	+0.52%	-2.83%	-6.37%	-1.55%	-1.45%	-0.50%	-0.41%

Portfolio Dividend Yield: 3.07%¹

Calendar Year Returns

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
DAV II Composite - Gross	0.46%	24.45%	-5.89%	10.93%	20.96%	-3.75%	11.30%	33.84%	8.99%	7.09%
DAV II Composite - Net	0.05%	23.99%	-6.24%	10.53%	20.50%	-4.14%	10.84%	33.10%	8.21%	6.24%
Russell 3000 Value	2.87%	26.26%	-8.58%	13.19%	18.40%	-4.13%	12.70%	32.69%	17.55%	-0.10%
Out / Underperformance	-2.41%	-1.81%	+2.69%	-2.26%	+2.56%	+0.38%	-1.40%	+1.15%	-8.56%	+7.19%

Past performance is no guarantee of future results. There is a risk that invested capital may be lost. Performance is shown gross and net of fees. Inception date: January 1, 2011. Out/underperformance compares the gross Composite and index. ¹Gross of fees; indicated portfolio yield does not anticipate special dividends. Yield based on a representative portfolio within the Strategy. Index data source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"), © LSE Group. Please see reverse side for important disclosure information.

Market Highlights

- With restrictions lifted, the economy is resurgent, but tight supply chains and labor markets are fueling inflation pressures.
- Large cap stocks led throughout Q2; growth stocks rebounded from one of their worst routs in decades in Q1.**
- The **low quality/high risk rally was muted but continued in early Q2. In June, this reversed** as higher quality and higher yielding stocks modestly outperformed.
- Based on current projections, **calendar 2021 earnings are now expected to top 2019 by a healthy +17%.**
- The growth rate of the dividends paid by S&P 500 companies has quickly moved back into positive territory at **+2.2%** and should continue to accelerate in 2021. The **relative valuation of the lowest yielding stocks remains very high versus** the broader dividend universe.

Portfolio Highlights

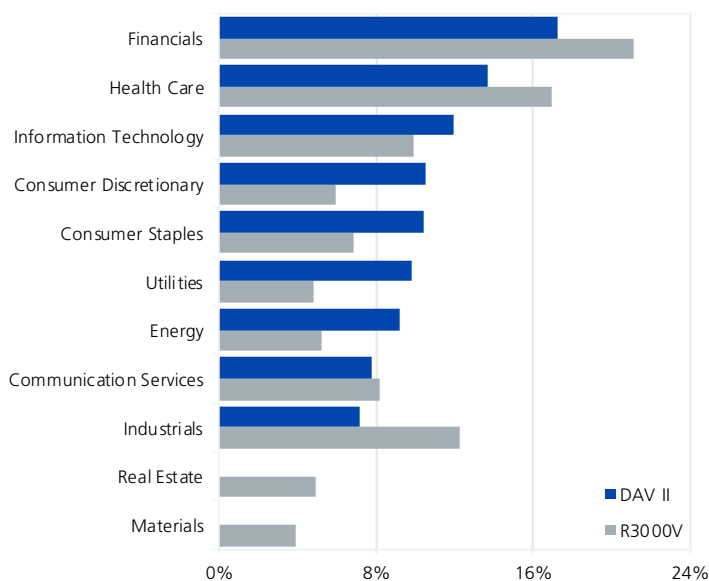
- The Dividend All-Cap Value II (DAV II) Composite returned **+5.68%** (+5.57% net) for Q2 versus **+5.16%** for the Russell 3000 Value.
- At the end of Q2, the dividend yield of the Portfolio was **3.07%**, which is **163%** of the **1.88%** yield of the **Russell 3000 Value** and **more than double the 1.37% yield of the S&P 500.**
- Industrials** and **Consumer Discretionary** were the sectors with the highest contribution to relative return.
- The holdings with the highest contribution to Portfolio return were **United Parcel Service Inc. (CI B) (UPS)** and **Target Corp. (TGT).**
- Financials** and **Health Care** were the sectors with the lowest contribution to relative return.
- The holdings with the lowest contribution to Portfolio return were **Corning Inc. (GLW)** and **M&T Bank Corp. (MTB).**

Outlook

- With **warning bells ringing** and the **economy set to move out of the early phase of the recovery** amid **low prevailing interest rates**, our expectation for the relative return for both higher quality and dividend-paying stocks is increasingly positive, which **should continue to support a positive outlook for the DAV II Strategy.**

Discovering value,
off the beaten path®

Sector Weights



Portfolio Contribution

Top Contributors		Yield ¹	Avg Wgt	Contrib
UPS	United Parcel Service Inc. (CI B)	1.96%	3.97%	+0.88%
TGT	Target Corp.	1.49%	3.34%	+0.68%
NLOK	NortonLifeLock Inc.	1.84%	1.20%	+0.29%
MPC	Marathon Petroleum Corp.	3.84%	1.89%	+0.27%
KMI	Kinder Morgan Inc. (CI P)	5.92%	2.47%	+0.26%

Bottom Contributors		Yield ¹	Avg Wgt	Contrib
GLW	Corning Inc.	2.35%	4.03%	-0.18%
MTB	M&T Bank Corp.	3.03%	1.36%	-0.14%
TFC	Truist Financial Corp.	3.24%	3.07%	-0.11%
KMB	Kimberly-Clark Corp.	3.41%	2.39%	-0.08%
VZ	Verizon Communications Inc.	4.48%	2.83%	-0.07%

Past performance is no guarantee of future results. There is a risk that invested capital may be lost. GICS sector and market cap breakdowns reflect percent of total portfolio; stocks without a reported sector or market cap (e.g. corporate reorganizations, mergers, acquisitions, and dissolutions) are not presented. Market caps are live data points and subject to change. ¹Gross of fees; indicated yield does not anticipate special dividends. ²Risk characteristics based on trailing 60-month gross of fee composite performance. ³Average 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.

Representative Portfolios: Unless otherwise noted, information 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.

Portfolio contribution calculated gross of fees for the Q2 2021 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.

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The Dividend All-Cap Value II Composite contains fully discretionary equity income accounts that seek long-term capital appreciation and high current income by investing primarily in a diversified, multi-cap basket of equity income securities which have a market capitalization of typically at least \$1 B at the time of initial purchase and trade at a discount to our valuation as determined using RRAM's proprietary Absolute Value® approach. The Composite is primarily invested in dividend paying common stocks. The Composite may also be invested in a broad range of foreign stocks, publicly traded partnerships, convertible preferred stocks, Real Estate Investment Trusts ("REITs"), investment companies, and royalty income trusts. RRAM employs a value-driven, bottom-up approach. The official benchmark for the Composite is the Russell 3000 Value. 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. 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 & Risk Statistics

	DAV II	R3000V
Number of Holdings	50	2,226
Dividend Yield ¹	3.07	1.88
Price / Cash Flow	15.7	17.1
ROE (5 YR Avg)	19.1	13.9
EPS Growth (5 YR)	2.5	8.3
Div / Share Growth (TTM)	5.4	5.2
Annualized Standard Deviation ²	15.90	16.36
Jensen Alpha ²	-0.99	
Beta ²	0.96	
Cash	2.4%	
Dollar Turnover (3 YR Avg) ³	35.4%	

Market Cap Breakdown

	DAV II	R3000V
Wtd Median Market Cap	\$53.20 B	\$66.42 B
Wtd Avg Market Cap	\$93.87 B	\$142.58 B
Large/Mega Cap: > \$25 B	68.8%	72.6%
Mid Cap: \$5 B - \$25 B	20.3%	20.2%
Micro/Small Cap: < \$5 B	8.5%	7.1%

Top 10 Portfolio Holdings

Symbol	Company	% Port	Yield ¹
UPS	United Parcel Service Inc. (CI B)	3.97%	1.96%
GLW	Corning Inc.	3.73%	2.35%
AES	AES Corp.	3.54%	2.31%
TGT	Target Corp.	3.50%	1.49%
CMCSA	Comcast Corp. (CI A)	3.45%	1.75%
TFC	Truist Financial Corp.	2.88%	3.24%
BMJ	Bristol-Myers Squibb Co.	2.85%	2.93%
CSCO	Cisco Systems Inc.	2.75%	2.79%
VZ	Verizon Communications Inc.	2.74%	4.48%
UL	Unilever PLC Sponsored ADR	2.73%	3.13%

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