

# Large Cap Value Select

A CONCENTRATED, HIGH CONVICTION STRATEGY | QUARTERLY UPDATE AS OF MARCH 31, 2022



FOR PROFESSIONAL INVESTORS ONLY

## Investment Objective

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

## Strategy Summary

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 caps greater than \$3 B at the time of initial purchase.

## Portfolio Managers



**Daniel R. Johnson, CFA, CPA**

16 years of experience;  
managed Portfolio since inception

University of Kentucky, BS  
University of Kentucky, Macc

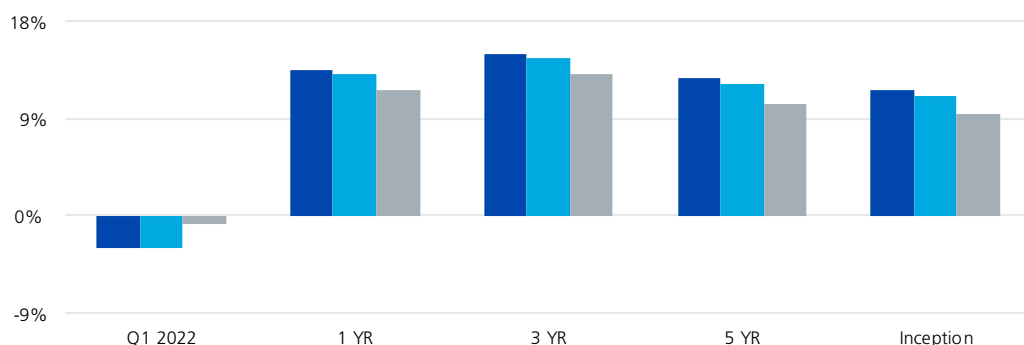


**Matt W. Moran, CFA**

22 years of experience;  
managed Portfolio since inception

Bradley University, BS  
University of Chicago, MBA

## Trailing Returns



	Q1 2022	1 YR	3 YR	5 YR	Inception
LCVS Composite - Gross	-2.93%	13.39%	14.95%	12.73%	11.67%
LCVS Composite - Net	-2.96%	13.16%	14.63%	12.25%	11.11%
Russell 1000 Value	-0.74%	11.67%	13.02%	10.29%	9.44%
<b>Out / Underperformance</b>	<b>-2.19%</b>	<b>+1.72%</b>	<b>+1.93%</b>	<b>+2.44%</b>	<b>+2.23%</b>

## Calendar Year Returns

	2021	2020	2019	2018	2017	2016	2015	2014 <sup>1</sup>
LCVS Composite - Gross	28.35%	6.70%	30.89%	-4.69%	17.55%	11.83%	0.34%	3.59%
LCVS Composite - Net	28.05%	6.40%	30.30%	-5.30%	16.79%	11.10%	-0.31%	3.48%
Russell 1000 Value	25.16%	2.80%	26.54%	-8.27%	13.66%	17.34%	-3.83%	2.67%
<b>Out / Underperformance</b>	<b>+3.19%</b>	<b>+3.90%</b>	<b>+4.35%</b>	<b>+3.58%</b>	<b>+3.89%</b>	<b>-5.51%</b>	<b>+4.17%</b>	<b>+0.92%</b>

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: November 1, 2014. Out/underperformance compares the gross Composite and index. <sup>1</sup>November 1, 2014 through December 31, 2014. 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

- Inflation, interest rates, and commodities accelerated higher.
- Large cap outperformed small cap, while value outperformed growth across all market caps.
- Within the Russell 1000 Value index, **Energy (+38.75%)** and **Materials (+5.31%)** posted the highest total returns, while **Consumer Discretionary (-13.20%)** and **Information Technology (-9.34%)** posted the lowest.

## Portfolio Highlights

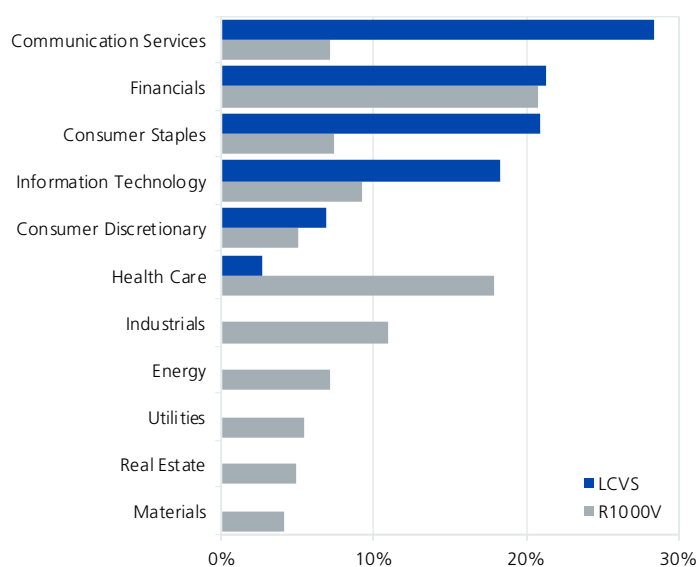
- The River Road Large Cap Value Select (LCVS) Composite returned **-2.93%** (-2.96% net) for Q1 versus **-0.74%** for the Russell 1000 Value benchmark.
- The sectors with the highest contribution to relative return in Q1 were **Health Care** and **Information Technology**.
- The holdings with the highest contribution to active return were **Pioneer Natural Resources Co. (PXD)** and **Berkshire Hathaway Inc. (CI B) (BRK.B)**.
- The sectors with the lowest contribution to relative return in Q1 were **Communication Services** and **Consumer Discretionary**.
- The holdings with the lowest contribution to active return were **Meta Platforms Inc. (CI A) (FB)** and **Bath & Body Works Inc. (BBWI)**.

## Outlook

- We believe high quality value stocks are attractively priced and well positioned for a volatile year.

Discovering value,  
off the beaten path®

## Sector Weights



## Portfolio Contribution

Top Contributors	Avg Wgt	PCAR
PXD Pioneer Natural Resources Co.	2.65%	+1.31%
BRK.B Berkshire Hathaway Inc. (CI B)	5.82%	+0.99%
MCK McKesson Corp.	3.52%	+0.78%
TMUS T-Mobile US Inc.	5.44%	+0.58%
PGR Progressive Corp.	4.03%	+0.46%

## Bottom Contributors

FB Meta Platforms Inc. (CI A)	4.06%	-1.74%
BBWI Bath & Body Works Inc.	3.06%	-1.19%
KKR KKR & Co. Inc.	4.72%	-1.09%
LKQ LKQ Corp.	3.58%	-0.93%
LBRDK Liberty Broadband Corp. (CI C)	4.11%	-0.67%

**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, dissolutions) are not presented. <sup>1</sup>EBITDA excludes banks, thrifts, and insurers. <sup>2</sup>Price/earnings excludes negative earnings. <sup>3</sup>Estimates based on ordinary shares for all ADR securities held. <sup>4</sup>Risk characteristics are based on trailing 60-month gross of fee composite performance. <sup>5</sup>Average 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 all portfolios in the Composite. If one portfolio is not in the Composite for the entire period, turnover is the average annualized turnover of all portfolios in the Composite at the end of the period. Index data source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"), © LSE Group.

**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.

Top and bottom contributors are calculated gross of fees for the most recent quarter and based on portfolio contribution to active return, which is calculated as the portfolio-weighted return relative to the overall index. 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 Large Cap Value Select Composite contains fully discretionary accounts that seek long-term capital appreciation by investing primarily in 18 to 22 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. 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 month 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 &amp; Risk Statistics

	LCVS	R1000V
Number of Holdings	21	848
EV / EBITDA <sup>1</sup>	14.0	12.4
Price / Earnings <sup>2</sup>	19.2	16.6
Price / Book	3.06	2.62
Price / Cash Flow	13.9	14.8
ROE (5 YR Avg)	17.9	14.8
EPS Growth (5 YR)	10.4	7.7
LT Growth Estimate <sup>3</sup>	12.8	10.9
Annualized Standard Deviation <sup>4</sup>	17.81	16.42
Jensen Alpha <sup>4</sup>	2.10	
Beta <sup>4</sup>	1.04	
Cash	1.4%	
Dollar Turnover (3 YR Avg) <sup>5</sup>	85.6%	
Active Share (Since Inception)	93.3%	

## Market Cap Breakdown

	LCVS	R1000V
Wtd Avg Market Cap	\$281.76 B	\$169.14 B
Large/Mega Cap: > \$45 B	59.9%	64.3%
Mid Cap: \$10 B - \$45 B	31.8%	28.7%
Micro/Small Cap: < \$10 B	6.8%	7.0%

## Top 10 Portfolio Holdings

Symbol	Company	% Port
KDP	Keurig Dr Pepper Inc.	8.59%
V	Visa Inc. (CI A)	8.36%
FISV	Fiserv Inc.	6.85%
GOOG	Alphabet Inc. (CI C)	6.19%
TMUS	T-Mobile US Inc.	5.85%
BRK.B	Berkshire Hathaway Inc. (CI B)	5.53%
LSXMK	Liberty Media Corp. Series C Liberty SiriusXM	5.40%
UL	Unilever PLC Sponsored ADR	4.87%
WTW	Willis Towers Watson PLC	4.51%
LKQ	LKQ Corp.	4.50%

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