

Dividend All-Cap Value ex-MLP

A TOTAL RETURN STRATEGY | QUARTERLY UPDATE AS OF SEPTEMBER 30, 2022



Investment Objectives

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

Strategy Summary

River Road's Dividend All-Cap Value ex-MLP (DAV ex-MLP) Strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from an all cap universe of equity securities with attractive dividend yields. 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 \$700 MM at the time of initial purchase
- Indicated dividend yield > 0%; prefer > 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

24 years of experience;
managed Portfolio since 2007

The Ohio State University, BS
University of Chicago, MBA



Henry W. Sanders III, CFA

33 years of experience;
managed Portfolio since inception

Bellarmino University, BA
Boston College, MBA



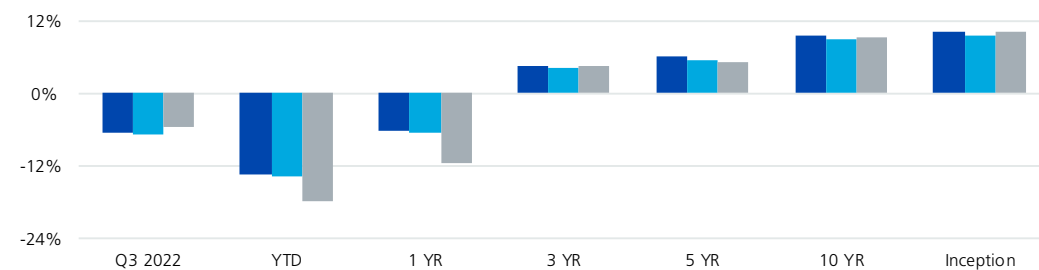
Andrew R. McIntosh, CFA

18 years of experience;
managed Portfolio since 2018

University of Iowa, BBA

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Trailing Returns



	Q3 2022	YTD	1 YR	3 YR	5 YR	10 YR	Inception
Out / Underperformance - Gross	-1.16%	+4.36%	+5.59%	+0.04%	+0.78%	+0.35%	+0.03%
Out / Underperformance - Net	-1.24%	+4.14%	+5.28%	-0.37%	+0.35%	-0.09%	-0.42%

Composite Dividend Yield: 3.60%¹

Calendar Year Returns

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
DAV ex-MLP Composite - Gross	22.85%	1.07%	24.91%	-5.12%	10.96%	21.40%	-3.24%	11.40%	34.09%	10.19%
DAV ex-MLP Composite - Net	22.39%	0.63%	24.41%	-5.53%	10.51%	20.91%	-3.66%	10.95%	33.57%	9.76%
Russell 3000 Value	25.37%	2.87%	26.26%	-8.58%	13.19%	18.40%	-4.13%	12.70%	32.69%	17.55%
Out / Underperformance - Gross	-2.52%	-1.80%	-1.35%	+3.46%	-2.23%	+3.00%	+0.89%	-1.30%	+1.40%	-7.36%
Out / Underperformance - Net	-2.98%	-2.24%	-1.85%	+3.05%	-2.68%	+2.51%	+0.47%	-1.75%	+0.88%	-7.79%

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: September 1, 2011. ¹Gross of fees; indicated portfolio yield does not anticipate special dividends. 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

- Inflationary pressure ebbed, but remained elevated, driving continued U.S. monetary policy tightening even as the adverse economic impact steadily increased.
- The market experienced a bear market rally in the first half of the quarter, before rolling over and plumbing new lows by the end.
- Growth stocks dominated in the upswing, far outstripping the modest outperformance of value as markets reversed.
- High yield stocks underperformed low yield stocks as rates climbed and **dividend-related factors lagged** among Russell 3000 Value stocks.

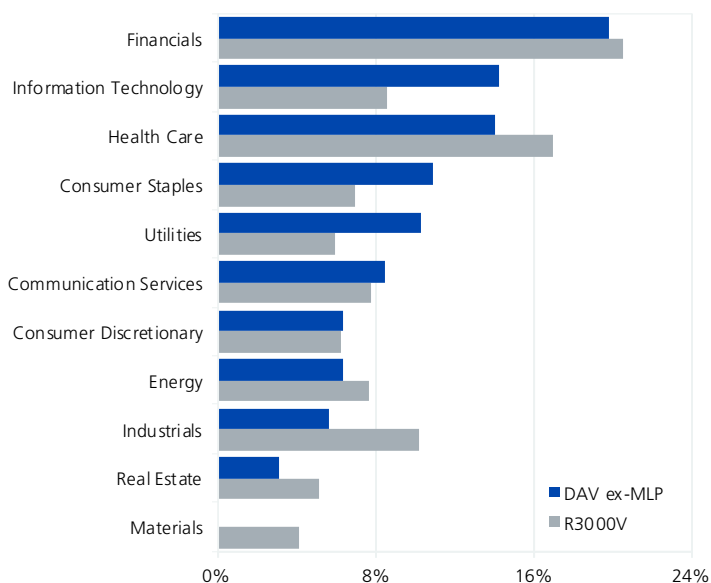
Portfolio Highlights

- The Dividend All-Cap Value ex-MLP (DAV ex-MLP) Composite returned -6.72% (-6.80% net) for Q3 versus -5.56% for the Russell 3000 Value. Year to date, the Composite returned -13.61% (-13.83% net) versus -17.97% for the benchmark.
- The Portfolio **underperformed as the U.S. equity market advanced sharply** in the first half of the quarter but **outperformed as it moved to new lows** by the end of the period.
- At the end of Q3, the dividend yield of the Portfolio was **3.60%**, which is **145% of the 2.49% yield of the Russell 3000 Value** and **nearly double the 1.85% yield of the S&P 500**.
- The sectors with the highest contribution to relative return in Q3 were **Real Estate (+54 bps)** and **Utilities (+50 bps)**.
- The holdings with the highest contribution to active return were **AES Corp. (AES)** and **STORE Capital Corp. (STOR)**.
- The sectors with the lowest contribution to relative return in Q3 were **Communication Services (-58 bps)** and **Health Care (-55 bps)**.
- The holdings with the lowest contribution to active return were **Verizon Communications Inc. (VZ)** and **Comcast Corp. (CI A) (CMCSA)**.

Outlook

- We increasingly believe that December 2021 marked the beginning of a new market regime as rising rates and political strife drove investors from the promise of growth to the certainty of value, and particularly dividends, in the years to come.

Sector Weights



Portfolio Contribution

Top Contributors		Yield ¹	Avg Wgt	PCAR
AES	AES Corp.	2.80%	4.07%	+0.53%
STOR	STORE Capital Corp.	5.23%	1.19%	+0.37%
MTB	M&T Bank Corp.	2.72%	2.36%	+0.37%
WSO	Watsco Inc.	3.42%	1.65%	+0.24%
TGT	Target Corp.	2.91%	2.31%	+0.21%

Bottom Contributors		Yield ¹	Avg Wgt	PCAR
VZ	Verizon Communications Inc.	6.87%	3.28%	-0.70%
CMCSA	Comcast Corp. (CI A)	3.68%	2.97%	-0.61%
PFE	Pfizer Inc.	3.66%	2.66%	-0.30%
ORCL	Oracle Corp.	2.10%	3.41%	-0.27%
KMB	Kimberly-Clark Corp.	4.12%	2.42%	-0.27%

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. ²EBITDA excludes banks, thrifts, and insurers. ³Estimates based on ordinary shares for all ADR securities held. ⁴Risk characteristics based on trailing 60-month gross of fee composite performance. ⁵Average 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.

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 Dividend All-Cap Value ex-MLP Composite contains fully discretionary equity income accounts that seek long-term capital appreciation and high current income by investing primarily in a diversified, all-cap basket of income producing equity securities that 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, convertible preferred stocks, Real Estate Investment Trusts ("REITs"), investment companies, LLCs, and royalty income trusts. The composite excludes any accounts invested in the Dividend All Cap Value Strategy that allows Master Limited Partnership (MLP) investments. Some accounts in the composite restrict all Publicly Traded Partnerships (i.e. both MLPs and LLCs), but the composite does include accounts that allow(ed) LLCs. 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. Composite performance may differ materially from the indices as the Composite only invests in a subset of the securities contained in the indices and also invests in securities not contained in the indices. 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. Unless otherwise noted, performance provided for periods greater than one year is annualized.

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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 & Risk Statistics

	DAV ex-MLP	R3000V
Number of Holdings	50	2,249
Dividend Yield ¹	3.60	2.49
EV / EBITDA ²	10.4	10.5
Price / Cash Flow	11.0	12.3
ROE (5 YR Avg)	20.3	13.8
EPS Growth (5 YR)	8.5	13.3
LT Growth Estimate ³	7.4	9.2
Annualized Standard Deviation ⁴	17.05	18.18
Jensen Alpha ⁴	1.09	
Beta ⁴	0.92	
Cash	0.8%	
Dollar Turnover (3 YR Avg) ⁵	27.2%	

Market Cap Breakdown

	DAV ex-MLP	R3000V
Wtd Median Market Cap	\$55.27 B	\$59.85 B
Wtd Avg Market Cap	\$76.00 B	\$127.00 B
Large/Mega Cap: > \$45 B	52.0%	57.2%
Mid Cap: \$10 B - \$45 B	30.4%	27.5%
Micro/Small Cap: < \$10 B	16.8%	15.3%

Top 10 Portfolio Holdings

Symbol	Company	% Port	Yield ¹
AES	AES Corp.	4.15%	2.80%
PGR	Progressive Corp.	3.74%	0.34%
UPS	United Parcel Service Inc. (CI B)	3.63%	3.76%
ORCL	Oracle Corp.	3.44%	2.10%
BMJ	Bristol-Myers Squibb Co.	3.43%	3.04%
KMI	Kinder Morgan Inc. (CI P)	3.33%	6.67%
GLW	Corning Inc.	3.11%	3.72%
VZ	Verizon Communications Inc.	3.08%	6.87%
WMB	Williams Companies Inc.	2.97%	5.94%
USB	U.S. Bancorp	2.89%	4.76%

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