

Mid Cap Value

QUARTERLY UPDATE AS OF SEPTEMBER 30, 2023



FOR PROFESSIONAL INVESTORS ONLY

Investment Objective(s)

- Long-term total return > Russell Midcap Value index plus 200 to 400 bps
- Target volatility < Russell Midcap Value

Strategy Summary

River Road's Mid Cap Value (MCV) strategy utilizes a fundamentally driven research process to identify attractive purchase candidates from a universe of mid cap stocks. The strategy seeks to invest in well-managed, financially strong companies that are trading at meaningful discounts to our assessed valuations. We further target companies with predictable and sustainable business models that are undiscovered or underfollowed by traditional Wall Street research firms. Our stock selection process is complemented by a risk averse approach that employs both balanced diversification and a structured sell discipline.

- Bottom-up, fundamentally driven stock selection
- Balanced diversification
- Structured sell discipline

Portfolio Managers



Daniel R. Johnson, CFA, CPA

17 years of experience;
managed portfolio since inception

University of Kentucky, BS
University of Kentucky, MAcc



Matt W. Moran, CFA

23 years of experience;
managed portfolio since inception

Bradley University, BS
University of Chicago, MBA



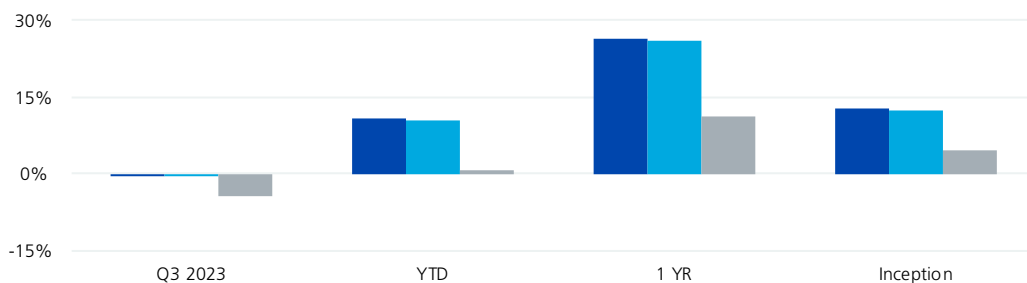
R. Andrew Beck

24 years of experience;
managed portfolio since inception

University of Louisville, BS
Babson College, MBA

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Trailing Returns



	Q3 2023	YTD	1 YR	Inception
MCV Composite - Gross	-0.25%	10.89%	26.62%	12.72%
MCV Composite - Net	-0.33%	10.62%	26.21%	12.28%
Russell Midcap Value	-4.46%	0.54%	11.05%	4.72%
Out / Underperformance - Gross	+4.21%	+10.35%	+15.57%	+8.00%
Out / Underperformance - Net	+4.13%	+10.08%	+15.16%	+7.56%

Calendar Year Returns

	2022	2021
MCV Composite - Gross	-7.39%	35.33%
MCV Composite - Net	-7.70%	34.65%
Russell Midcap Value	-12.03%	28.34%
Out / Underperformance - Gross	+4.64%	+6.99%
Out / Underperformance - Net	+4.33%	+6.31%

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, 2021. 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

- The Federal Reserve continued its measured, responsive approach to monetary tightening even as oil prices surged, organized labor demonstrated renewed vigor, and inflation reaccelerated.
- Value narrowly outperformed growth among mid caps but still lags for the year.
- Within the Russell Midcap Value, **Energy (+12.53%)** and **Financials (+1.04%)** posted the highest total returns, while **Communication Services (-10.03%)** and **Health Care (-9.91%)** posted the lowest.

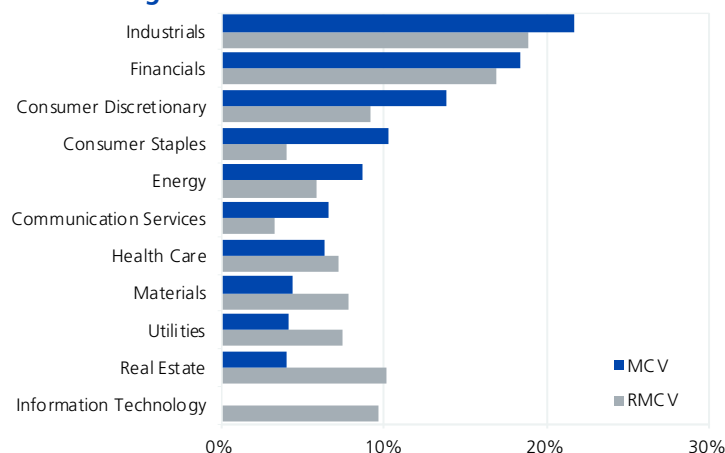
Portfolio Highlights

- For Q3, the River Road Mid Cap Value (MCV) composite returned **-0.25%** (**-0.33%** net) versus **-4.46%** for the Russell Midcap Value benchmark. Year to date, the composite returned **+10.89%** (**+10.62%** net) versus **+0.54%** for the benchmark.
- The sectors with the highest contribution to relative return (total effect) in Q3 were **Financials (+138 bps)** and **Energy (+65 bps)**.
- The holdings with the highest contribution to active return were **BJ's Wholesale Club Holdings Inc. (BJ: +14%, +66 bps)** and **Arch Resources Inc. (CI A) (ARCH: +58%, +58 bps)**.
- The sectors with the lowest contribution to relative return (total effect) in Q3 were **Consumer Discretionary (-66 bps)** and **Industrials (+1 bps)**.
- The holdings with the lowest contribution to active return were **Delta Air Lines Inc. (DAL: -22%, -45 bps)** and **Dollar Tree Inc. (DLTR: -26%, -43 bps)**.

Outlook

- Valuations and the earnings outlook improved during the quarter, but we continue to be cautious. We believe the strategy is **well-positioned to navigate a challenging market environment**.

Sector Weights



Characteristics

	MCV	RMCV
Number of Holdings	50	699
EV / EBITDA ¹	10.9	11.5
Price / Earnings ²	16.5	15.7
Price / Book	2.61	2.11
Price / Cash Flow	13.2	13.9
ROE (5 YR Avg)	13.0	12.7
EPS Growth (5 YR)	13.4	11.1
Cash Flow Growth (5 YR)	2.0	1.2
LT Growth Estimate ³	9.1	8.8
Cash	1.9%	
Dollar Turnover (SI Avg) ⁴	68.6%	

Portfolio Contribution

Top Contributors		Avg Wgt	PCAR
BJ	BJ's Wholesale Club Holdings Inc.	3.62%	+0.66%
ARCH	Arch Resources Inc. (CI A)	1.13%	+0.58%
FRFHF	Fairfax Financial Holdings Ltd.	4.03%	+0.54%
TPL	Texas Pacific Land Corp.	1.39%	+0.48%
GPN	Global Payments Inc.	2.69%	+0.48%

Bottom Contributors		Avg Wgt	PCAR
DAL	Delta Air Lines Inc.	2.32%	-0.45%
DLTR	Dollar Tree Inc.	2.42%	-0.43%
DG	Dollar General Corp.	1.31%	-0.42%
LKQ	LKQ Corp.	3.69%	-0.41%
MGM	MGM Resorts International	2.30%	-0.28%

Top 10 Portfolio Holdings

Symbol	Company	% Port
LKQ	LKQ Corp.	3.84%
CSL	Carlisle Companies Inc.	3.81%
FRFHF	Fairfax Financial Holdings Ltd.	3.47%
BJ	BJ's Wholesale Club Holdings Inc.	3.43%
KR	Kroger Co.	3.10%
GPN	Global Payments Inc.	2.74%
FERG	Ferguson PLC	2.60%
WEX	WEX Inc.	2.55%
IDA	IDACORP Inc.	2.52%
CNM	Core & Main Inc. (CI A)	2.51%

Past performance is no guarantee of future results. There is a risk that invested capital may be lost. GICS sector breakdown reflects percent of total portfolio; stocks without a reported sector are not presented. ¹EBITDA excludes banks, thrifts, and insurers. ²Price/earnings excludes negative earnings. ³Estimates based on ordinary shares for all ADR securities held. ⁴Average calendar year turnover since inception (January 1, 2021). 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 performance numbers included in parentheses behind a stock's name refer to that stock's total gross return (dividends reinvested) and contribution to active return for the representative portfolio during the period (specified in the section header). Unless otherwise noted, total effect is used to assess the contribution to relative return. 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.

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The Mid Cap Value composite contains a fully discretionary mid cap value equity account that seeks capital appreciation by investing primarily in mid cap value domestic equity securities that trade at a discount to their valuation as determined using RRAM's proprietary Absolute Value® approach. For this composite, RRAM defines a mid cap company as one whose market capitalization is less than \$35 B at the time of initial purchase. RRAM selects securities from a universe of companies with a market capitalization at the time of initial purchase typically between \$2 B and \$35 B, employing a value driven, bottom-up fundamental approach. The official benchmark for the composite is the Russell Midcap® Value index. 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. For periods including non-fee paying accounts, net was calculated for those accounts by applying the highest fee schedule effective at that time.

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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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