TODD
ASSET MANAGEMENT LLC

July 19, 2019
Intrinsic Value Team
Todd Asset Management

Todd Q2 2019 International Intrinsic Value Review

	2Q 2019	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	3.8%	17.4%	-1.6%	8.6%	1.5%	6.3%	7.7%
(Net)	3.6%	16.9%	-2.5%	7.7%	0.6%	5.4%	6.8%
MSCI ACWI ex-US (Net)	3.0%	13.6%	1.3%	9.4%	2.2%	6.4%	6.5%

* *Annualized Total Returns. Please refer to the attached Performance Disclosure for further information.*

Performance Review

Markets started the quarter continuing the advance that had been underway since bottoming last December. Growth concerns were still evident during the first quarter as manufacturing and investment indexes had generally been underwhelming. Global trade has been a sore spot for the US administration, as President Trump believes the Rest of the World is taking advantage of the US. The US initiated trade tariffs of 10% on approximately $200B of product that the US imports from China during 2018. Negotiations for a trade deal ensued. Investors entered the second quarter of 2019 believing a trade deal was near. In May, the narrative changed. After the Chinese delegation deleted many significant elements of a proposed agreement, President Trump called off the deal and instituted 25% tariffs on the $200 B of Chinese imports that had been taxed at 10%. Equity markets rioted, bond yields plunged and the month of May was challenging for most stock investors. Markets bottomed in late May as tensions reached a crescendo. June saw positive developments on the trade front. The US settled a dispute with Mexico, and agreed to meet with China at the G20 meeting and restart trade talks. Economic results remained softer though, and both the ECB and the US Fed committed to easier policies in the future. Bond yields for most countries declined dramatically. Several issues still need to be resolved. Brexit and the need for a US/China trade deal are two of the larger ones. These fears could negatively impact the economic outlook. Lower rates and more growth visibility could change that for the better for markets. If the central banks ease, and capital spending picks up in response to tighter labor markets, then a larger reacceleration of the economy could be in the works than the market currently anticipates.

Stock selection drove most of our outperformance during the quarter. Financials, Health Care and Industrials were our best performing sectors. Our worst performing sectors were Energy, Communication Services and Technology. From a regional perspective our outperformance for the quarter was also driven by stock selection, particularly within United Kingdom and Japan.

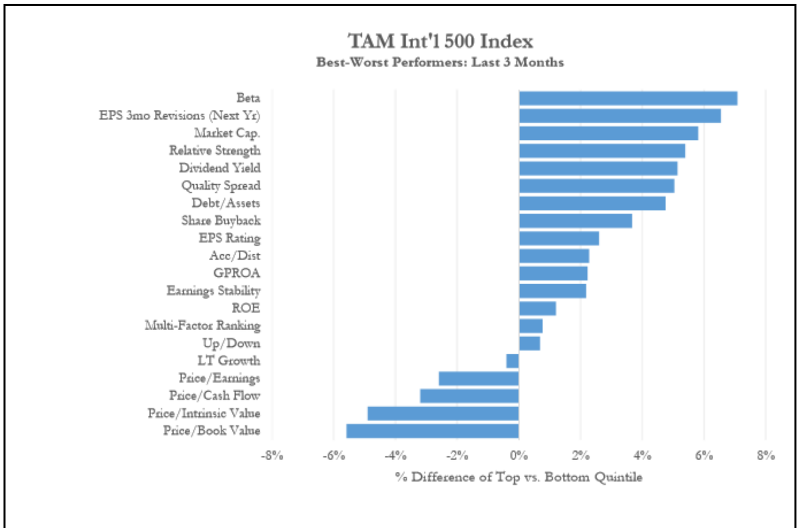
We remain overweight Energy, Communications, Financials, Industrials and Technology. We also remain underweight Consumer Staples, Utilities, Real Estate, Materials and Health Care. Among regions, we are overweight the UK, Emerging Markets and Europe ex-UK. We are underweight Pacific ex-Japan, Japan and Canada.

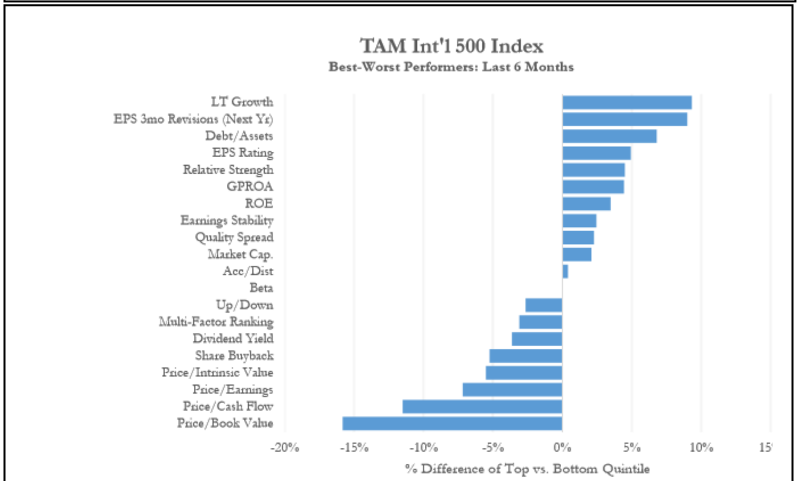
Our top five contributors to performance during the quarter were Sberbank, IHS Markit, Louis Vuitton, Ashtead and Mobile Telesystems. Earnings estimates moved higher for Sberbank on a more optimistic outlook for consumer demand as rates are expected to continue to move lower. The company's dividend yield of ~7% has also driven investors into shares given historically low interest rates. IHS Markit earnings were ahead of estimates on higher margins and strength in Transportation and Financial services. Louis

Vuitton continues to outperform peers as creative design remains a competitive advantage and has sustained their brand strength. Ashtead remains upbeat on strong end market demand (rev. growth = +18%) and strong margins and is still growing faster than industry. This dynamic is expected to persist for some time as they continue to develop non-construction markets (now <45% of rev.). Russian market trends improved for Mobile Telesystems as pricing strengthened (higher per user rev.) giving investors more confidence the company could beat forward guidance.

Our worst five detractors from performance during the quarter were Baidu, YY, Lukoil, Repsol and CNOOC. Baidu reset their outlook lower citing macro concerns and a weak ad market. This paired with investments to drive traffic growth should continue to pressure margins. Broad concerns around US/China trade war and a decelerating Chinese economy weighed on shares of YY as well. Global growth concerns caused oil prices to fall in May as Brent went from $75 to $60. This caused broad based weakness in the energy space, impacting Lukoil, Repsol and CNOOC. Specifically, political crisis in Venezuela also likely weighed on production at Repsol. Broader concerns on China trade also further weighed on CNOOC.

<u>Factor Watch- GAAP now means "Growth at Any Price"</u>





Source: TAM and Bloomberg

Our customary review of the factors that have helped and hurt performance over the past quarter (top chart) and year to date (bottom chart) periods ending 6-30-19 are presented below. As a reminder, these charts measure the difference between the highest ranking 20 percent of our TAM International index (equal weighted) based on each of these factors versus the lowest ranking 20%. Growth at any price seems to be the consistent theme we have seen when we examine both the International and Domestic markets. In both the past quarter and YTD periods, valuation measures ranks at the rock bottom of the rankings. This has been the case for some time now, as investors' angst about economic growth has led them to avoid most stocks with economic sensitivity, which is primarily the value areas of financials and energy. Investors appear to be willing to pay for any price for high assured growth stocks as High Growth has outperformed Low Growth by 10% YTD and Low Price to Book stocks have underperformed expensive ones by 15% as well. Investors seem to be suspicious of value, and consider most inexpensive names to be damaged goods. This mindset began during the early part of 2018, as investor confidence suffered when the Central banks were trying to normalize rates. This led many investors to question if the economic expansion can continue, so they are not willing to venture into cheaply valued stocks like the Financials or Energy stocks as they have no confidence that their economic underpinnings will last. As some concerns are resolved, we expect a rotation back towards the value oriented stocks.

Heightened concerns were evident during the second quarter as the US/China trade dispute took center stage and bond yields plunged globally while investors worried about deflation. Looking forward, there are a number of worries still present. The potential for a disorderly Brexit leads us to think that a recession is possible, but we do not think it is probable at this point. The US and China are still stimulative. The European Central Bank is becoming more dovish, and their new leader, Christine Lagarde, is a politically savvy financier. Europe needs a dose of fiscal stimulus, as their monetary policy has reached its limits. In her prior role as the head of the International Monetary Fund, she designed growth friendly policies that were implemented by Spain, Portugal and Ireland, three of the fastest growing economies in Europe. She likely knows what needs to be done to get Europe growing again, let’s hope she can convince the bureaucrats at the EU to implement some pro-growth reforms. While we are worried about the possibility of a disorderly Brexit and Japan instituting a Value Added Tax, we want to see how those developments play out a little longer before working them into our forecasts. In the absence of those, we still believe some form of trade deal is likely between China and the US. It would be in both of their interests, and if President Trump wants to win re-election, we believe an agreement would have to be made over the next few quarters. As we get closer to that, our sense is that it would be a positive development for the world growth outlook and markets. It could also spur a rotation towards International investing and away from the US, especially if the dollar weakens.

Please feel free to contact any of us for additional information

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07/19/19
MSCI ACWI ex-US (Net) - 234

Refer to Performance Disclosure on the following page for more information on the performance numbers presented. These notes are an integral part of this letter and should not be reproduced or duplicated without these notes.

TODD ASSET MANAGEMENT LLC
INTERNATIONAL INTRINSIC VALUE COMPOSITE DISCLOSURE

Past performance does not provide any guarantee of future performance, and one should not rely on the composite or any security's performance as an indication of future performance. Investment return and principal value of an investment will fluctuate so that the value of the account may be worth more or less than the original invested cost. There is no guarantee that this investment strategy will work under all market conditions.

Registration of an investment adviser does not imply any level of skill or training.

Specific stocks discussed in this presentation are included to help demonstrate the investment process or, as a review of the Composite's quarterly results; and are not intended as recommendations of said securities and carry no implications about past or future performance. All or some of the specific stocks mentioned may have been purchased or sold by accounts within the Composite during the period, or since the period, and may be purchased or sold in the future. A complete listing of the holdings as of the period end is available upon request.

Todd Asset Management LLC ("TAM") is a registered investment adviser. The performance presented represents a composite of fully discretionary accounts invested primarily in large cap internationally domiciled, US traded equity securities, with the objective to seek capital appreciation. This goal is pursued by investing in a diversified portfolio of these equities which TAM believes are trading at a discount to their intrinsic value. The minimum account size for this composite is $1 million.

Todd Asset Management LLC, formerly Todd-Veredus Asset Management LLC, began operations on June 1, 1998 as Veredus Asset Management LLC ("VAM"). Effective May 1, 2009, VAM combined with Todd Investment Advisors, Inc. ("TIA"). TIA (and its predecessors) was founded in 1967 by Bosworth M. Todd. Upon the combination of VAM and TIA in 2009, Veredus Asset Management LLC changed its name to Todd-Veredus Asset Management LLC ("TVAM"). On February 28, 2013, after a change in ownership involving some VAM unitholders, TVAM changed its name to Todd Asset Management LLC. The firm continues to offer the same strategies managed by individuals using the process founded under TIA.

The International Intrinsic Value Composite contains fully discretionary, taxable, and tax-exempt accounts that use either the MSCI ACWI ex-US or the MSCI EAFE Index as the benchmark. Prior to April 1, 2010, this composite was known as the International Equity Composite; no changes in the strategy were made in conjunction with the name change. All fee-paying, fully discretionary portfolios under our management are included in a composite. Accounts are eligible for inclusion in the composite at the beginning of the first calendar quarter after the month of initial funding and upon being fully invested.

TAM claims compliance with the Global Investment Performance Standards (GIPS®). The Firm has been independently verified for the periods January 1, 2008 through December 31, 2018. VAM was verified for the period July 1, 1989 through December 31, 2007 by a previous verifier. TIA's compliance with the GIPS® standards has been verified for the period January 1, 1993 through April 30, 2009. The International Intrinsic Value Composite has been examined for the periods January 1, 2011 through December 31, 2018. A complete list and description of TAM composites and/or the verification and performance examination reports are available upon request by contacting TAM at 1-888-544-8633, or write Todd Asset Management LLC, 101 South Fifth Street, Suite 3100, Louisville, Kentucky 40202, or contact us through our Web site at www.toddasset.com.
The performance information is presented on a trade date basis, gross and net of management fees, and net of transaction costs and foreign withholding taxes, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. Prior to January 2007, the management fee schedule applied to the composite was .60%. Actual investment advisory fees incurred by clients may vary. The currency used to calculate and express performance is U.S. dollars. All cash reserves and equivalents have been included in the performance. **As of 12/31/2017, the benchmark was changed to the MSCI ACWI ex-U.S. (net) index, from the MSCI ACWI ex-U.S (gross) index. The ACWI (net) is computed net of foreign taxes withheld on dividends, this is consistent with the composite.** As of 6/30/2013, the primary benchmark was changed to the MSCI ACWI ex-US (gross) from the MSCI EAFE. The ACWI better reflects the strategy guidelines with emerging market and Canadian exposure. As of the 6/30/2013 the EAFE was removed from presentations.

The composite performance has been compared to the following benchmark. The index is unmanaged, and not available for direct investment; it includes reinvestment of dividends; it does not reflect management fees or transaction costs.

MSCI ACWI ex-U.S. (net) Index is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the United States. The ACWI ex-U.S. includes both developed and emerging markets. For investors who benchmark their U.S. and international stocks separately, this index provides a way to monitor international exposure apart from U.S. investments. The Net Index takes into account the impact of foreign tax withholdings on dividend income.

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