

Todd Q4 2019 Intrinsic Value Opportunity Review

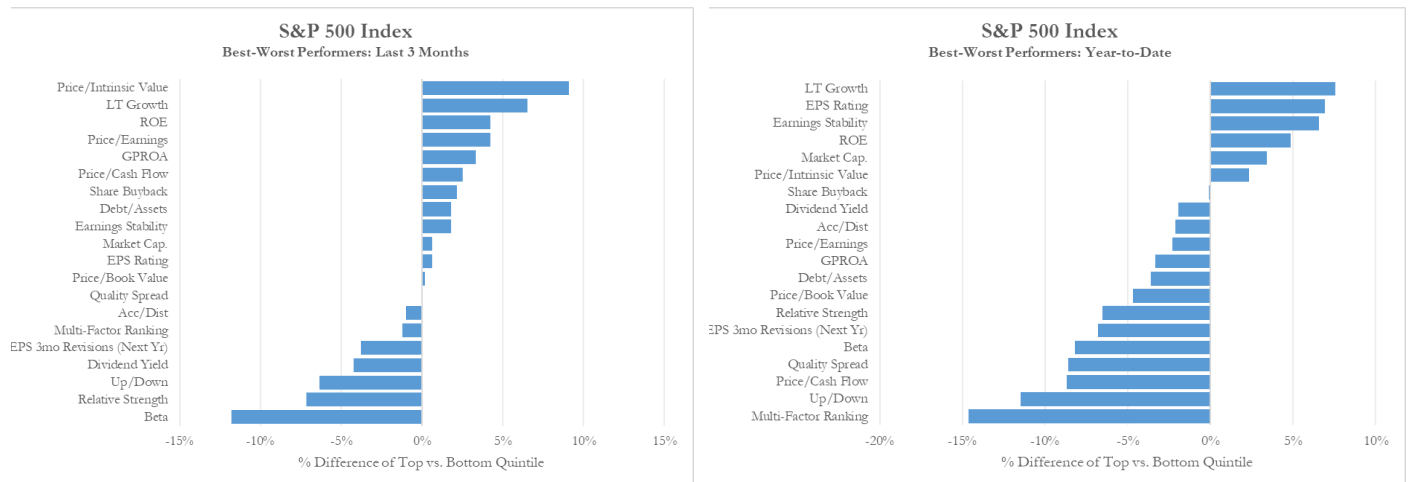
	4Q 2019	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
IV Opportunity (Gross)	10.8%	30.2%	9.2%	4.0%	11.0%	11.1%
IV Opportunity (Net)	10.5%	29.1%	8.2%	3.1%	10.1%	10.3%
S&P 500	9.1%	31.5%	15.3%	11.7%	14.7%	13.6%
Russell 1000 Value	7.4%	26.5%	9.7%	8.3%	12.2%	11.8%

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

Performance Review

Similar to our other domestic strategy, the IV Opportunity saw a very notable shift in relative performance in August as recession concerns peaked and global rates bottomed. Value in general performed much better as this continued into the 4th quarter, which benefitted this strategy as it focuses on names trading at substantial discounts to their intrinsic value. For the quarter, the IVO (Gross) outperformed the S&P 500 and Russell 1000 Value by +1.7% and +3.4%, respectively. This brought the strategy to -1.3% behind the S&P 500 for the full year and +3.7% ahead of the Russell 1000 Value. The rebound in performance coincided with rising expectations around growth which drove longer term interest rates higher. If we continue to see signs that economic growth is firming, this should help the strategy regain traction as we enter 2020.

Factor Analysis



Source: Bloomberg, William O'Neil + Co. and Todd Asset Management

The most recent quarter saw a reversal in factor returns as value came back into favor following a rebound in economic sentiment that drove global rates higher. Valuation metrics ranked toward the top of the list for the quarter, with our Price/Intrinsic value leading the pack. Most of the

factors that led last quarter showed up at the bottom of the list this quarter, including several momentum metrics, yield and beta. Profitability factors, like ROE and GPROA, were additive while shareholder return measures were mixed as Share Buyback worked well and Dividend yield was one of the worst performers for the quarter.

The strategy continues to hold a majority of its exposure in Consumer Discretionary, Technology, and Industrials. Specifically Semiconductors, Capital Goods, Retail, Technology Hardware and Financial Services are industries are being emphasized.

Our top five contributors to performance during the quarter were Centene, DXC Technology, Biogen, LAM Research and Xerox. Centene shares recovered in the 4th quarter after reporting an improvement in their medical loss ratio (or premiums collected vs. costs). Investors were fearful of continued deterioration of this measure. DXC Technology's new CEO laid out a turnaround strategy to better focus the company's operations and boost margins, which was well received by investors. Shares of Biogen jumped on news that they were re-filing to the FDA an Alzheimer's drug that was previously halted after a review of trial data revived hopes of an effective treatment for this disease. Lam Research shares saw continued momentum after upgrading their outlook due to strength in China and improvements in the memory space that should support better spending in 2020. Xerox posted results that were much better than expected as cost cutting initiatives improved profitability and cash flow generation.

Our worst five detractors from performance during the quarter were Ebay, Whirlpool, Akamai Technologies, Dollar General and NRG Energy. Investors were disappointed with Ebay's strategic portfolio review and continue to question efforts to reaccelerate results amid increased competition. Whirlpool was hit by a slowdown in appliance demand in the 4th quarter. Akamai Technologies (which offers security and software to streaming services) consolidated some in the quarter after experiencing strong performance for the year as investors await several tailwinds to boost results in 2020. Somewhat similarly, both Dollar General and NRG Energy consolidated after posting nice runs. Both companies have a more defensive profile, which worked in their favor most of the year as recession concerns increased. However as these concerns faded into the 4th quarter, both of these names underperformed the broader market.

Summary

Most of the worries investors cited for being bearish last year have been alleviated. Trade tensions are simmering down as we get better clarity on the Brexit situation as well. Central banks have shifted to an easier policy stance as well. The markets are recognizing this and acting well. Markets have had a good run over the short term and may be due for some consolidation. We believe they should act better later this year, especially if we get to a consensus that we are back in globally synchronized growth without prompting central banks to raise rates. That's a tightrope they can walk as long as inflation stays low, so we remain optimistic for the year ahead. Please see our US Market Commentary for further details on our outlook.



As always, if you need any additional information, Please feel free to contact any of us.

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S&P 500 – 3,321
Russell 1000 Value – 1,360

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.

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TODD ASSET MANAGEMENT LLC

INTRINSIC VALUE OPPORTUNITY 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 in equity securities within the S&P 500 Index with the objective to seek capital appreciation. This goal is pursued by investing in a portfolio of securities that are in the least expensive third of the S&P 500 Index using a rules based process based on financial strength, profitability strength and market acceptance.

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 Intrinsic Value Opportunity Composite contains fully discretionary, taxable and tax-exempt accounts that use either the S&P 500 Index or the Russell 1000 Value Index as the benchmark. 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 Intrinsic Value Opportunity 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, both gross and net of management fees, net of transactions costs, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. From October 2009 to March 2014 the management fee schedule applied to the composite was 0.70%. Prior to October 2009, 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.

The composite performance has been compared to the following benchmarks. The indexes are unmanaged, and not available for direct investment; they include reinvestment of dividends; they do not reflect management fees or transaction costs:

S&P 500 Index is a widely recognized index of market activity based on the aggregate performance of a selected portfolio of publicly traded common stocks. The performance data was supplied by Standard & Poor's. It is included to indicate the effect of general market conditions.

Russell 1000 Value Index is a widely recognized index of market activity based on the aggregate performance of common stocks from the Russell 1000 Index, with lower price-to-book ratios and lower forecasted growth values. The performance data was supplied by Frank Russell Trust Company.



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