

Todd Q4 2019 Large Cap Intrinsic Value Review

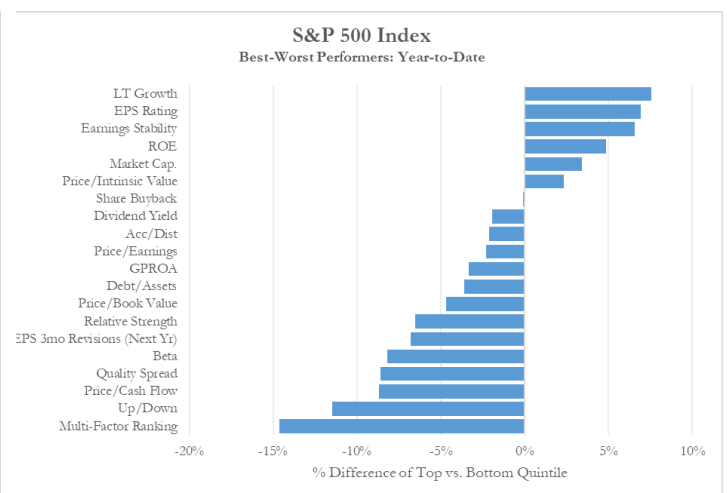
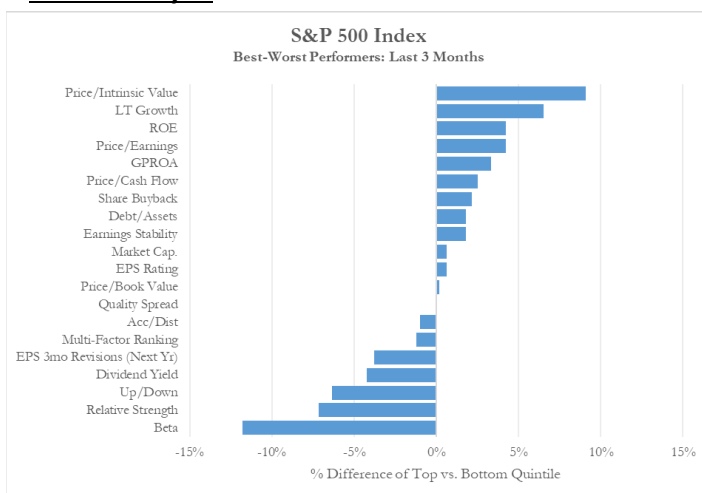
	4Q 2019	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	11.9%	29.5%	12.3%	8.6%	12.8%	11.9%
Large Cap Intrinsic Value (Net)	11.8%	28.8%	11.7%	7.9%	12.1%	11.2%
S&P 500	9.1%	31.5%	15.3%	11.7%	14.7%	13.6%
Russell 1000 Value	7.4%	26.5%	9.7%	8.3%	12.2%	11.8%

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

Performance Review

The LCIV began to regain traction in September after recession concerns peaked and global rates bottomed. This momentum continued through the 4th quarter as we saw the LCIV outperform both the S&P 500 and Russell 1000 Value. The strategy actually picked up over +6% vs. these two benchmarks since the lows in late-August/early-September, closing much of the gap vs. the S&P 500 for the full year and pulling ahead of the Russell 1000 Value through year end. Outperformance over the past few months has coincided with an easing of global growth concerns and rising interest rates, albeit from generationally low levels. Also, despite slightly lagging the S&P 500 for the full year, our stock selection was positive and driven by cyclical names in the portfolio. If we continue to get confirmation that growth has bottomed, this strategy should continue to regain traction.

Factor Analysis



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

Our factor work shows a reversal in Value as most of the valuation metrics we follow were the best performers for the quarter, with our Price/Intrinsic value leading the pack. This is a reversal of Value's underperformance over the past couple of years. 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. The dominance of Growth metrics this cycle has been well documented, so it will be interesting to see if this resurgence of Value continues as we enter 2020.

We continue to believe we are earlier in the economic cycle than most investors. Our discipline confirms this macro view as we remain overweight economically sensitive sectors, including Financials, Energy, Consumer Discretionary and Industrials. We remain underweight defensive sectors like Consumer Staples, Communication Services, Utilities and Real Estate.

Our top five contributors to performance during the quarter were Qorvo, Apple, United Rentals, JPMorgan and Amgen. Qorvo reported results that were much better than expected, specifically driven by better smartphone demand. Company guidance for 5G spending ramping in 2020 was also very well received. The announcement of a Phase 1 trade deal between the US and China also removed a large concern investors had. This announcement also benefited Apple, who was set to see a dramatic increase in input costs if tariffs were implemented on consumer electronic goods. Continued momentum in their Services business also helped to drive shares to new highs following their quarterly release. United Rentals saw shares rise as concerns over the manufacturing slowdown eased in the 4th quarter and their leverage and cash flow profile continued to improve. Investors were concerned about bank earnings going into the 3rd quarter reporting season and JPMorgan posted much better than expected results. The yield curve also steepened in the 4th quarter, which gave shares a lift. Amgen saw better than expected results from their Rheumatoid Arthritis drug (Enbrel) and announced a deal with a Chinese biotech company (Beigene) in late October that would expand their footprint in China.

Our worst five detractors from performance during the quarter were Aaron's, Progressive, Home Depot, Coresite Realty and Cisco. Aaron's Progressive (financing) business posted lower than expected results as the addition of new partners (Best Buy and Lowes) may take a bit longer to drive growth. Progressive saw commercial auto losses drive results below expectations for the quarter. Growth in insurance premiums also slowed. Home Depot lowered revenue guidance as strategic initiatives to improve their e-commerce channels are expected to take longer to execute than initially planned. Coresite generally saw share weakness as a risk-on rally drove cyclicals to outperform more defensive stocks in the 4th quarter. Specifically, concerns around development completion and higher churn rates have weighed on 2020 growth expectations. Cisco lowered forward guidance as order trends have decelerated due to concerns over global macro issues hampering enterprise spending demand.

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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01/21/20

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

LARGE CAP 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 tax-exempt fully discretionary intrinsic value accounts, invested primarily in large cap domestic equity securities with the objective to seek capital appreciation. This goal is pursued by investing in a diversified portfolio of equity securities that TAM believes are trading at a discount to their intrinsic value.

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 Large Cap Intrinsic Value Composite contains fully discretionary, tax-exempt accounts that use either the S&P 500 Index or Russell 1000 Value Index as the benchmark. Prior to April 1, 2010, this composite was known as the Relative Value 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 Large Cap 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, both gross and net of management fees, net of transaction costs and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .60% applied monthly. Prior to September 2001, the management fee schedule applied to the composite was .50%. 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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