TODD ASSET MANAGEMENT LLC

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Jack Holden, CFA
Partner, Senior Portfolio Manager

Oil… the Crash and the Consequences

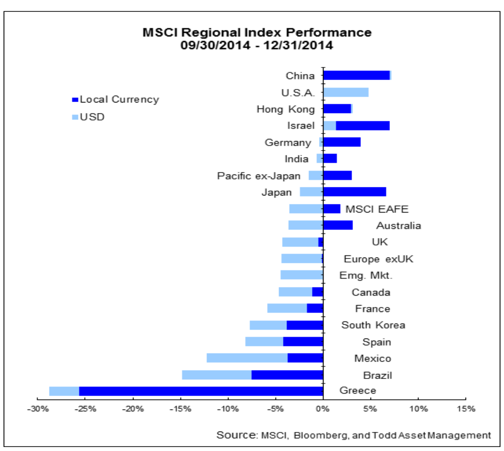
Todd Global Intrinsic Value Equity Income Review

	4Q 2014	1 Year	3 Year*	Since Inception (01/01/11)
Global Intrinsic Value Equity Income (Gross)	-0.94%	4.98%	15.32%	13.30%
(Net)	-1.09%	4.35%	14.63%	12.62%
MSCI ACWI	0.53%	4.71%	14.73%	8.90%

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

Global markets posted a slight gain in the fourth quarter, with the ACWI index increasing .5% while gaining 4.7% for the year. The Global Intrinsic Value Equity Income Strategy underperformed the index during the quarter falling .9% (gross of fees) but slightly outperformed the index on a year to date basis.

International markets significantly trailed the US market, especially when measured in dollars. When measured in Euros or Yen, the ACWI index increased over 19% for the year. There was certainly no lack of disturbing news during the year though. If you examine the country by country performance in the fourth quarter (presented below) you get the sense that the fourth quarter was a de-risking period for stock markets, especially peripheral Europe and some of the oil or commodity based countries. Some of the trends to be aware of are as follows;



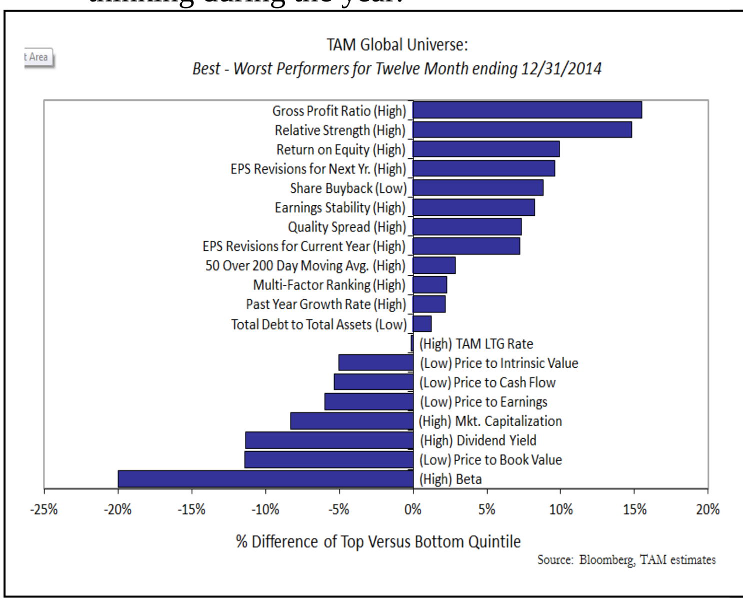
- Oil prices cratered after Saudi Arabia opted not to cut production at the OPEC meeting on Thanksgiving. This probably has ramifications for some time to come.
- The top two sectors in the index in 2014 were Health Care and Technology. Our sense is with sub-par economic growth, these sectors offered more visible growth than most. Global economic worries and geopolitical tensions probably lead to this.
- The three worst sectors for the year were economically sensitive, including the Energy, Materials, and Industrials groups. Economic growth in Europe, China, Japan and some of the Emerging market was lower than expectations. Overinvestment in Energy and Materials production led to pricing pressures.

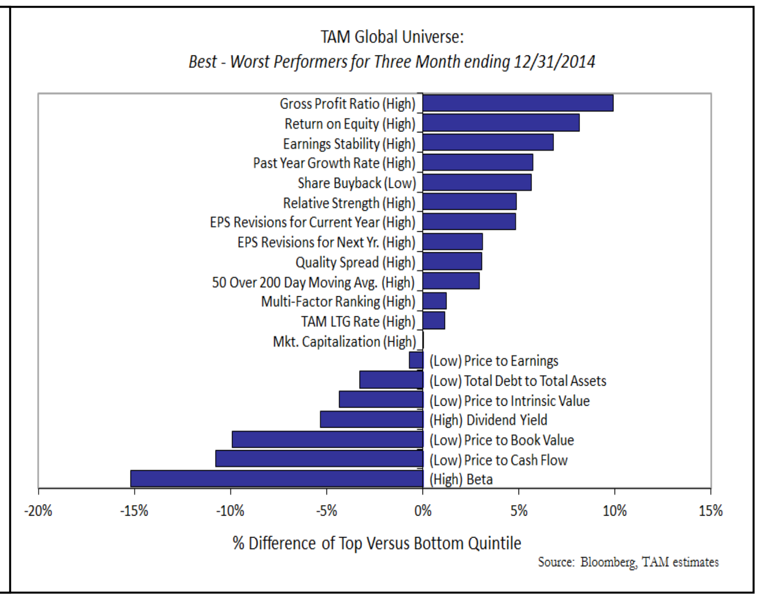
- Bonds generally posted good returns despite the US Fed ceasing bond purchases in October. Fears of deflation, the anticipation of bond purchases in Europe and Japan's decision to increase their bond buying program have significantly decreased rates internationally.

- Europe and Japan both sought to devalue their currencies to stimulate growth, leading to weaker currencies versus the US dollar.

Volatility spiked several times during the year especially when growth scares became apparent in Europe and Japan. Geopolitical tensions also increased volatility. Lastly, when energy prices crashed late in the year, many investors took that as a negative sign on current economic activity. We believe lower oil prices probably bolster the economies of oil consumers worldwide. Growth in US demand should help some exporters over the next year. Quantitative Easing should have a positive impact on International Markets in the coming year.

We present our customary charts on which factors have been helping or hindering performance for Global stocks below. The chart on the left shows the trailing twelve month performance while the chart on the right illustrates the most recent quarter. Over the trailing quarter and year, the market has not been rewarding cheap valuations or higher yielding stocks. That makes some sense considering that Energy was the worst sector and many of those companies have cheap valuations with higher yields. The best performing factors tended to be those companies showing good market acceptance, or better fundamental visibility through higher return and profit ratios. This also makes sense considering economic and geopolitical worries dominated thinking during the year.





For the quarter, sector allocation was responsible for the entire underperformance while stock selection actually added value over the quarter.

Within the portfolio, we generally found that our stock selection in Consumer Discretionary, Materials and Technology positively contributed to our performance. Stock selection in Energy, Consumer Staples and Financials detracted from performance. Our overweight in Energy contributed almost all the underperformance for the quarter.

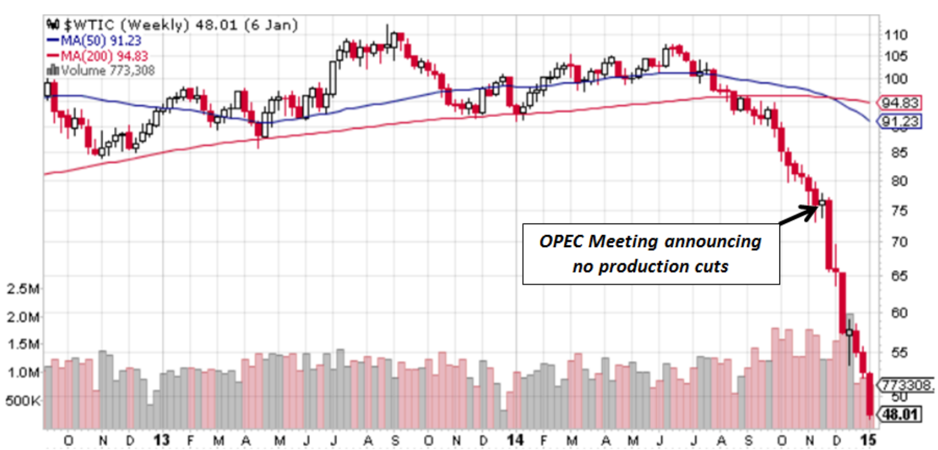
Our best five contributors within the portfolio were Coach, CA Inc, Altria Group, Shaw Communications, and Eli Lilly. This list continues to be diversified and contains two companies from the Consumer Discretionary sector. The five stocks that detracted most from the portfolio are Seadrill Ltd, Total SA, Vermilion Energy, ConocoPhillips, and Bank of Nova Scotia. Four of these names were in the Energy space, reflecting the deteriorating oil prices over the last quarter, while Bank of Nova Scotia is a Canadian bank where the energy industry is a significant contributor.

<u>The Oil and Currency Crashes</u>

This quarter, performance depended not only on what you invested in but also where you invested from! Currency differentials worldwide made for varied experiences. For instance investing in the EAFE index in the US produced a loss during the quarter, but if you were German and investing in the index in Euros, you made money. It was even more pronounced for yen based investors. The potential for ECB bond purchases and the acceleration of Japanese Bond purchases have combined to weaken the Euro and Yen versus the Dollar.

The most striking feature of the quarter was the breathtaking decline of oil prices leading up to, and after the OPEC meeting on Thanksgiving. Prices for much of the past few years had held in the $85 to $110 per barrel range as worldwide oil production was starting to creep up. New sources of oil in the US and fresh offshore production in other parts of the world had augmented oil supply pretty steadily over the past four years, with a dramatic shift upward over the past two years from the new US fracking output. At the same time, Europe, Japan, China and other emerging markets saw a downshift in their economic growth as the year progressed. This resulted in sluggish demand for oil. All eyes were on OPEC as they met Thanksgiving Day, with most traders nervously hoping that the Saudis would shut in capacity to raise prices. Instead, they shocked the markets when they announced no change in their production. Essentially, they noted that if they decreased production, it would only result in a market share loss for them and they would rather let oil prices find their natural level. This led to oil plunging from $75 per barrel at the meeting time to approximately $45 at this writing.

West Texas Intermediate Crude Price



Source: Stockcharts

What Lower Oil Means for Stock Prices

Lower oil prices and lower interest rates are probably here for some time to come. Higher equity prices are likely to be the ultimate outcome. The path from here to there is where it gets tricky. As Warren Buffet said, you only find out who's swimming naked when the tide goes out. The tide just went out for many in the oil patch, and there is going to be some carnage. Different nations have varying degrees of dependence on oil revenue to fund social programs, and they will need to work through some of those problems which could lead to unrest. We are a little wary of the markets over the next couple of months until we get a better sense of how these tensions play out.

Still, if the average consumer of energy just got a 60% price reduction on oil (perhaps a little less than that in Euros or Yen), then the world economy just got a nice shot in the arm. Since the mid 1980's, we have seen four episodes of radically lower oil prices in a short period of time before this one. In the prior four episodes the EAFE and S&P Index average gain in the following 12 months was 15% and 23%. Unfortunately, data for the entire period is not available for the ACWI ex-US index. Areas that benefit from lower input costs, higher consumer spending or corporate spending in non-oil service capital goods are the ones that have led those periods historically. In the global markets, this scenario makes sense to us for 2015 as well and we are looking for the beneficiaries of lower energy prices. All we need to do is get through the near term turbulence and disruption from the price declines to get there.

As always, we are here to assist you. If you need any additional information, please feel free to contact any of us.

Jack White, CFA Curt Scott, CFA Jack Holden, CFA

Todd Asset Management LLC

1-16-2015

MSCI ACWI – 410.87

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
GLOBAL INTRINSIC VALUE EQUITY INCOME COMPOSITE DISCLOSURE

Past performance does not provide any guarantee of future performance, and one should not rely on the composite 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.

Specific stocks discussed in this presentation are included solely as part of a review of the Composite's quarterly results and are not and were not recommendations for purchase or sale by investors. 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. Investors should not construe the Composite's performance or any security as predictive of future results. 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 public funds, corporate funds, IRAs, and high-net-worth individuals, invested primarily in large cap, high quality, attractively valued domestic and international equity securities with the objective to seek dividend income. A secondary focus is growth of income and capital appreciation.

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, TVAM redeemed ownership units held by individuals who supported the growth products founded under VAM, and changed its name to Todd Asset Management LLC. The firm continues to offer the same products and strategies managed by the same individuals and process founded under TIA

The Global Intrinsic Value Equity Income Composite contains fully discretionary, taxable, and tax-exempt accounts that use the MSCI ACWI (Gross) 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 verified for the period January 1, 2008 through June 30, 2014 by Ashland Partners & Company LLP and 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 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the Global Intrinsic Value Equity Income Composite for the period January 1, 2011 through June 30, 2014. To receive a complete list and description of TAM composites and/or a full disclosure presentation which complies with the GIPS® standards, please contact 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 0.60% applied monthly. 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 benchmark (shown with dividends reinvested):

MSCI ACWI (Gross) Index is a float-adjusted market capitalization index that is designed to measure the equity market performance of developed and emerging markets.