TODD
ASSET MANAGEMENT LLC

January 23, 2018
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Partner, Senior Portfolio Manager

This Is What a Secular Bull Looks Like

Todd International Intrinsic Value Review

	4Q 2017	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	2.8%	26.5%	6.5%	7.4%	6.1%	3.1%
(Net)	2.6%	25.5%	5.6%	6.5%	5.2%	2.2%
MSCI ACWI ex US Index	5.1%	27.8%	8.3%	7.3%	5.4%	2.3%

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

Worldwide economic growth continued to accelerate in the fourth quarter, and was complemented by good earnings and more pro-growth policies from the US, Europe, Japan and elsewhere. "Animal spirits" are reawakening in the markets. The primary concerns voiced by skeptics are political in nature. Concerns center on North Korea, Iran, and the state of US politics. Many observers expect the midterm elections to go for the Democrats, which might upend the Republican agenda. Still, the market is not worrying about this as gridlock in DC is usually liked by markets. We expect 2018 to be a good year for markets, but are mindful that volatility will return at some point.

We recently published a think piece titled "The Case for the S&P 500 Doubling and a Global Bull Market." As we watch this unloved US market advance expand into a Global Bull Market, we realize this is what a secular bull market looks like. This secular (i.e. long term) bull market, which was confirmed in 2013 for the US by the new market highs, has been expanding globally more recently. With the economic excesses that triggered the great recession being largely addressed, we believe this global bull market has some time to run and should be supported by solid global economic growth.

In 2013, we wrote "The case for S&P 2500." At that point, the S&P 500 was trading at about 1800 and had recently broken out of a fourteen year sideways pattern. Historically, when the index had done that, it generally heralded a 10 year plus run that provided annual returns of 11% to 12% on price and mid-teens on total return. Truthfully, we wanted to call that article the case for 4000, but figured the world would assume we were crazy and dismiss the thesis. Now that we were proven correct and are over our initial 2500 target, we believe that worldwide equity markets remain in a secular bull run that probably allows them to double or better over the next 5 years. We believe investors are warming to this market and the path leads to over 5000 on the S&P by 2023. We believe upside for international markets is likely greater than for the US, because they are earlier in their economic expansions and just starting to break out to new highs.

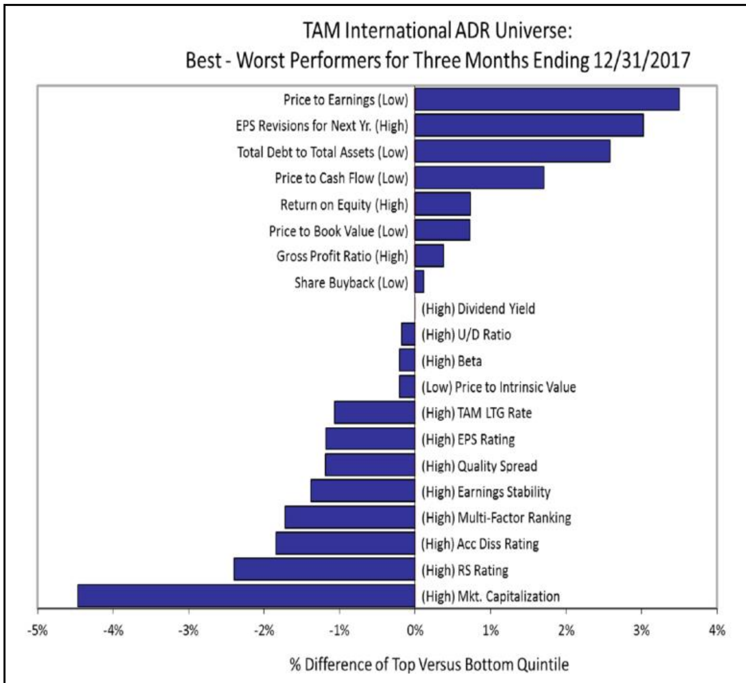
For a more complete report on this thesis, please click the link above for our recent report dated January 12 or visit our website www.toddasset.com.

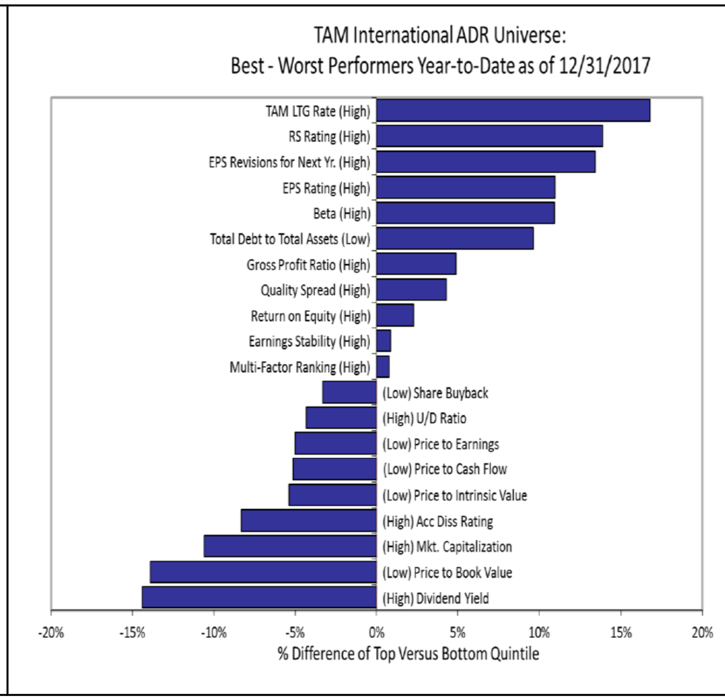
Our customary charts that illustrate the factors being rewarded within the marketplace during the fourth quarter of 2017 and year-to-date period are presented below. They indicate how the best 100 stocks from our International Universe compared to the worst 100 for each measure. A few observations we wanted to share were:

- The number of factors being rewarded has risen compared to 2016. This broadening of factors represents a more "normal" market. As banks exit QE we expect more normalization.

- If International markets follow the US with a lag, expect more expansion of these factors allowing for fundamentally managed portfolios to outperform.

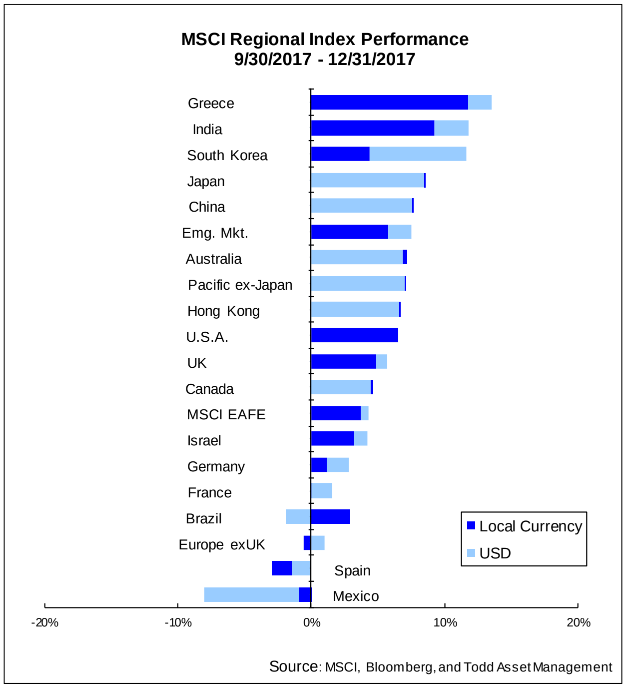
- Both the leaders and laggards had representatives of valuation, fundamental, quality and technical measures. Value factors seem to have been penalized more on the year to date time frame than the other measures though.





Source: Bloomberg, TAM

Year to date performance has been good for equities, particularly growth factors and Emerging Markets indexes. As confidence in the globally synchronized recovery grows and more central banks get back to a normal rate structure, we expect that fundamental factors should continue to remain in favor and allow active managers to outperform the index. We believe that as this occurs, our Multi-factor model should perform better and allow for outperformance.



Source: MSCI, Bloomberg, and Todd Asset Management

Performance by country is presented in the chart to the left. Japan and South Korea were the only developed countries among the top five. While the US was the middle of the pack, most major European developed markets were the laggards in the quarter. Currency fluctuations played role in the quarterly ranking for South Korea and Mexico. The appreciation of the US Dollar versus the Mexican Peso pressured dollar returns for that country and likely weighted on the underlying index as well. The dollar's depreciation versus the Korean Won also impacted US investor returns during the quarter. The emphasis on the Emerging Markets remained in place during the fourth quarter, much like it has been for the full year.

Performance Review

The International IV strategy gained +2.8% (gross) during the quarter and +26.5% (gross) for the full year, trailing the MSCI ACWI ex-US return of +5.1% and +27.8%, respectively. The prevalence of extraordinarily low interest rates worldwide has negatively impacted most fundamentally oriented investment firms. If you refer back to the factor analysis above, for the year to date period, many valuation measures did not work. Negative rates seem to make valuation a less effective factor, as highly valued companies are not penalized in the marketplace as investors seek assured growth opportunities. With Japan and the EU slowly moving towards more neutral monetary policies, and the US actually raising rates, we think that valuations will matter again and that should be good for our discipline.

Stock selection drove our relative underperformance during the quarter while our sector positioning was slightly additive. Utilities and Telecom were our best performing sectors. Our worst performing sectors were Financials, Materials and Technology. From a regional perspective our underperformance for the quarter was also driven by stock selection, particularly in Europe ex-UK and Japan. Pacific ex-Japan was our best performing region.

For the full year, stock selection drove our relative underperformance while our sector selection, particularly our overweight position in Technology, helped to offset much of this underperformance. Consumer Discretionary and Utilities were our best performance sectors, while Materials, Technology and Industrials were our worst. Regionally, our underperformance for the full year was driven by allocation as our stock selection was additive. Our overweight positions in Canada and UK were the two largest regional detractors. Stock selection was particularly strong in Pacific ex-Japan while selection in Japan and Canada detracted from performance.

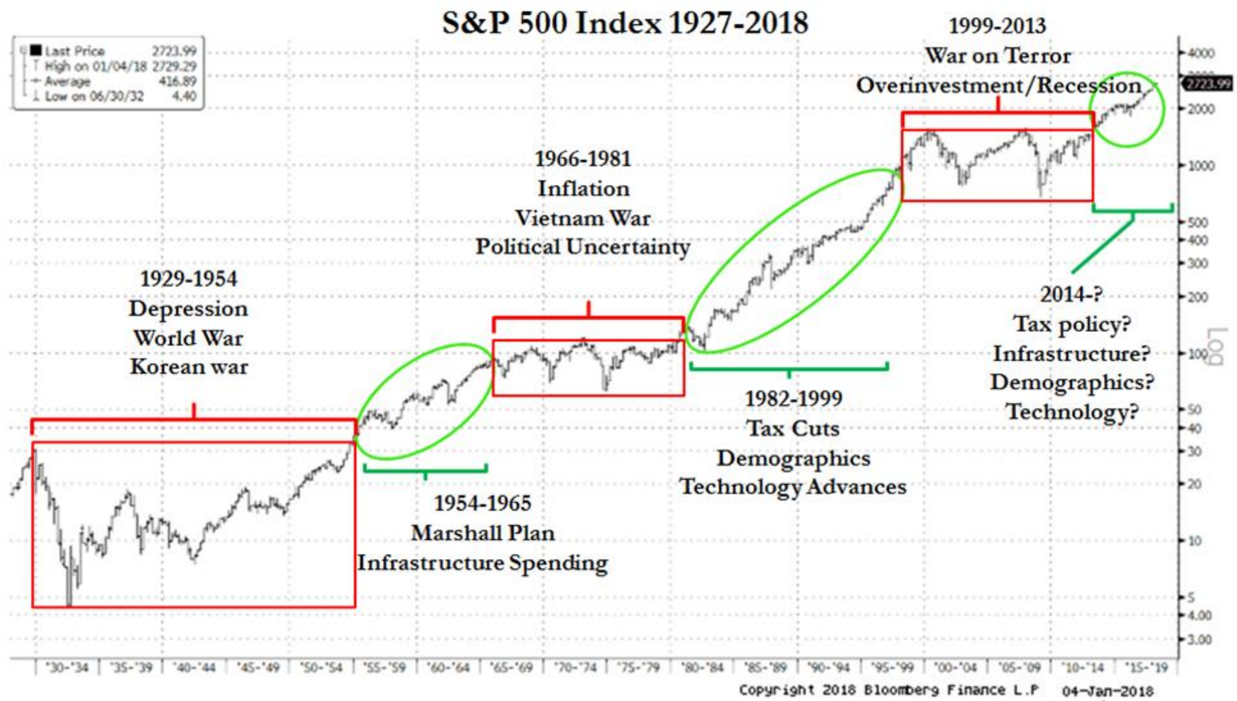
We remain overweight Technology, Financials and Industrials. We are also remaining underweight Consumer Staples, Health Care, Utilities, Real Estate and Materials. Among regions, we are overweight the UK, Canada and Europe ex-UK. We are underweight Pacific ex-Japan, Japan and Emerging Markets.

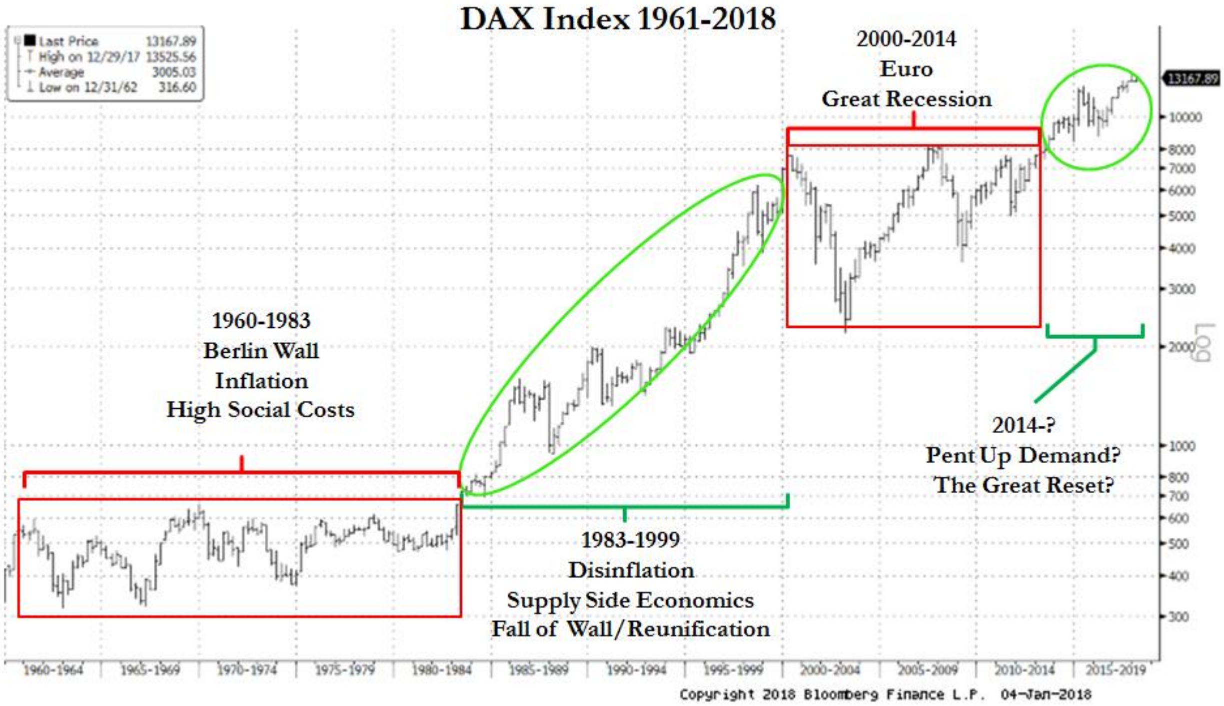
Our top five contributors to performance during the quarter were YY, NetEase, DBS Group, Melco Resorts and Lazard. YY continued to see strong revenue growth driven by new user growth and enhanced content, both of which are helping to improve monetization. New game launches from NetEase were well received and shares rallied on hope of a reacceleration in their online gaming revenues. DBS Group is seeing strong loans and fee growth and efforts to drive their digital offering should further improve profitability. Melco Resorts is preparing to open a new hotel in Macau which should help to feed the momentum they're experiencing in high-end/VIP clientele. Lazard is benefiting from rising equity markets and clarity from tax reform in the US and improving global economic growth should bolster M&A activity.

Our worst five detractors from performance during the quarter were Santander Mexico, Cemex, Criteo, Ctrip.com and AON. Hawkish language out of the US on NAFTA renegotiations and tax reform caused the Mexican peso to depreciate, which weighed on both Santander Mexico and Cemex. More specifically, weaker loan growth at Santander and hurricane related volume declines at Cemex further weighed on shares. Criteo shares sold off after downgrading their 2018 guidance due to a worse than expected impact from Apple's ad blocking software. Ctrip is reforming its cross-selling strategy, which is expected to temporarily weigh on margins and revenues. Aon posted disappointing quarterly results that saw organic growth slow and unknown losses from multiple hurricanes caused shares to slip.

Highlights from "The Case for the S&P 500 Doubling and a Global Bull Market"

The US, Germany and Britain have broken out of long term trading ranges. Historically, this precedes a long secular advance driven by improving macro forces. We think this time is not different, and that there is likely another 10 years or more to run for this secular bull market. Most global markets are only just starting to recover, so their upside is probably better than for the US market. Read our detailed report referenced above for more information.





DAX Index 1961-2018
Last Price 13167.89
High on 12/29/17 13525.56
Average 3005.03
Low on 12/31/62 316.60
2000-2014
Euro
Great Recession
13167.89
1960-1983
Berlin Wall
Inflation
High Social Costs
2014-?
Pent Up Demand?
The Great Reset?
1983-1999
Disinflation
Supply Side Economics
Fall of Wall/Reunification
Log
1960-1964 1965-1969 1970-1974 1975-1979 1980-1984 1985-1989 1990-1994 1995-1999 2000-2004 2005-2009 2010-2014 2015-2019
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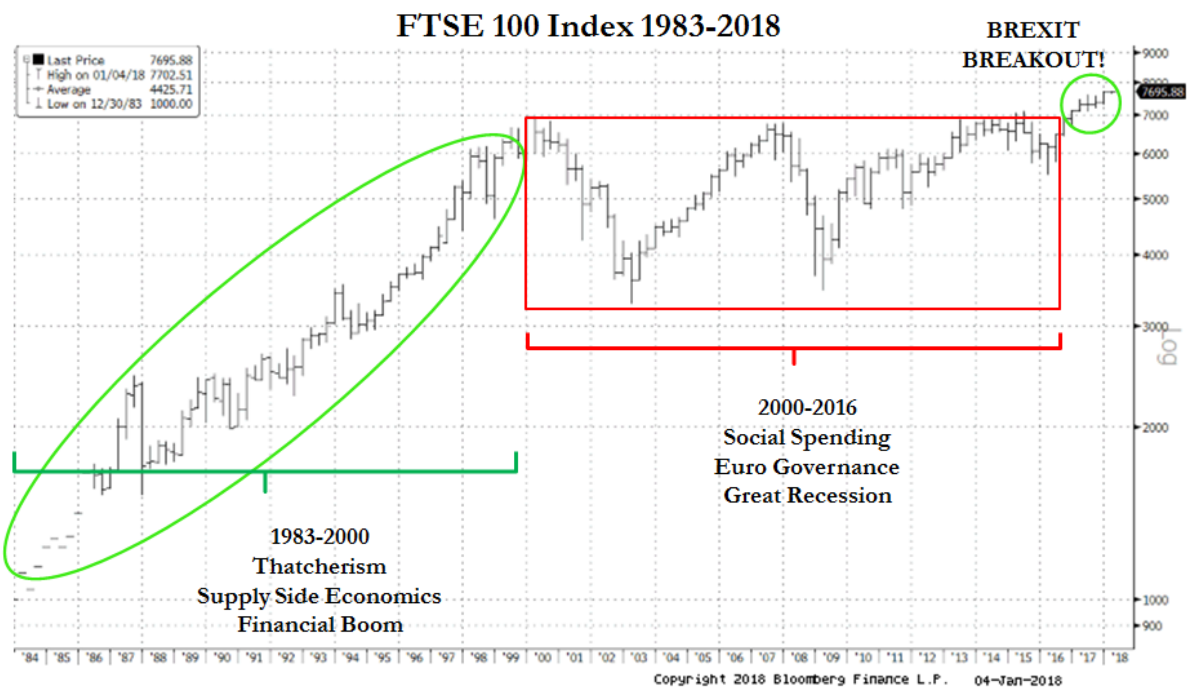

FTSE 100 Index 1983-2018
BREXIT
BREAKOUT!
Last Price 7695.88
High on 01/04/18 7702.51
Average 4425.71
Low on 12/30/83 1000.00
7695.88
2000-2016
Social Spending
Euro Governance
Great Recession
1983-2000
Thatcherism
Supply Side Economics
Financial Boom
Log
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Growth estimates are being increased for the International and US economies. Earnings estimates have recovered as well, after coming through the earnings recession of 2015-2016. Pro-growth policies have been enacted in the US, Europe and Japan. Commodities appear to be recovering, and our economic checks do not suggest large excesses in most developed economies. We believe this is a recipe for a long term bull market, and despite the objections of the bears, initial results in January seem to support that bullish position. Our guess is the US tax cut is going to prove more stimulative than most economists are estimating. As numbers continue to firm, markets are likely to rise. Despite the new highs in many markets, you won't hear that position espoused by many strategists. As this occurs, and central banks work to raise rates to more normal levels, we think fundamentals continue to be the driver for stocks as illustrated in our factor charts above. As this occurs, we believe our fundamentally based strategies should have a good chance to outperform the markets.

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

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Jack White, CFA
Jack Holden, CFA
Shaun Siers, CFA

Todd Asset Management LLC

1-23-2018
MSCI ACWI ex-US – 322

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.

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 (Gross) or the MSCI EAFE Index (Gross) 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 September 30, 2017. 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 September 30, 2017. 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 6/30/2013, the primary benchmark was changed to the MSCI ACWI ex-US from the MSCI EAFE. The ACWI better reflects the strategy guidelines with emerging market and Canadian exposure. Both indexes have been presented in the past. As of the aforementioned date the EAFE has been removed.

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. (Gross) 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.