

Disconnected

Todd Intrinsic Value Opportunity Review

	1Q 2016	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Intrinsic Value Opportunity (Gross)	0.4%	-9.0%	10.4%	11.2%	20.2%	7.5%
(Net)	0.2%	-9.8%	9.5%	10.3%	19.3%	6.7%
S&P 500	1.3%	1.8%	11.8%	11.6%	17.0%	7.0%
Russell 1000 Value	1.6%	-1.5%	9.4%	10.3%	16.3%	5.7%

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

The Intrinsic Value Opportunity strategy underperformed the benchmark during the first quarter, returning 0.4% (Gross) compared to the S&P return of 1.3% and the Russell 1000 Value return of 1.6%. For the trailing one year period, the IVO lost -9.0% (Gross) compared with an index gain of 1.8% for the S&P 500 and a loss of -1.5% for the Russell 1000 Value index. The Opportunity Strategy lagged fairly dramatically over the past year as the market had much more of a growth bias for most of the year.

The strategy has experienced these types of lags in performance before, both during the period it has been managed as well as during the test period prior to launching the product. Despite the quarter, our longer term gross performance is ahead of the Value indexes over most time frames and ahead of the S&P 500 over longer time frames. We view this period of underperformance as a good time to add to the strategy, as the factors that achieved the long term performance should come back into favor in the foreseeable future.

“Disconnected” seems to be the best word to describe market performance for the quarter. After a narrowly led market dominated the scenes in the US last year (June-December), and most international markets were already well off their highs, worldwide markets went into a tailspin in January on recession fears. With oil declining dramatically as well, the global Central Banks responded. These actions drove a dramatic recovery in February and March to leave most indexes wildly unchanged for the quarter. Against a backdrop of a modest European Recovery, low US unemployment, and a reinvigorated China, stocks disconnected from fundamentals and tumbled. Skeptics will point out Japan and Latin America are in recession, however, we would suggest Europe, China and the US are still expanding, albeit more slowly than policymakers want. Beneficiaries of the volatility this quarter were the Energy and Materials stocks, which recovered with oil after February. Also, the January defensive winners, Telecoms, Utilities and Staples, maintained their outperformance for the entire quarter.

Some of the major items impacting the quarter were as follows:

- January market performance was very weak followed by just as dramatic a recovery in February and March. The US market dropped over 14% off the prior high, while the ACWI ex-US index bottomed at over 27% off its' high. Both markets rebounded

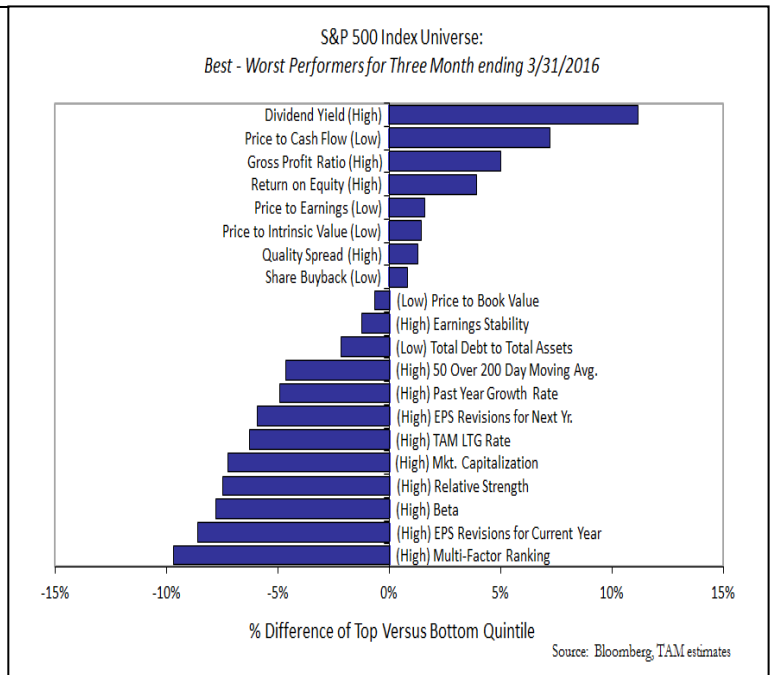
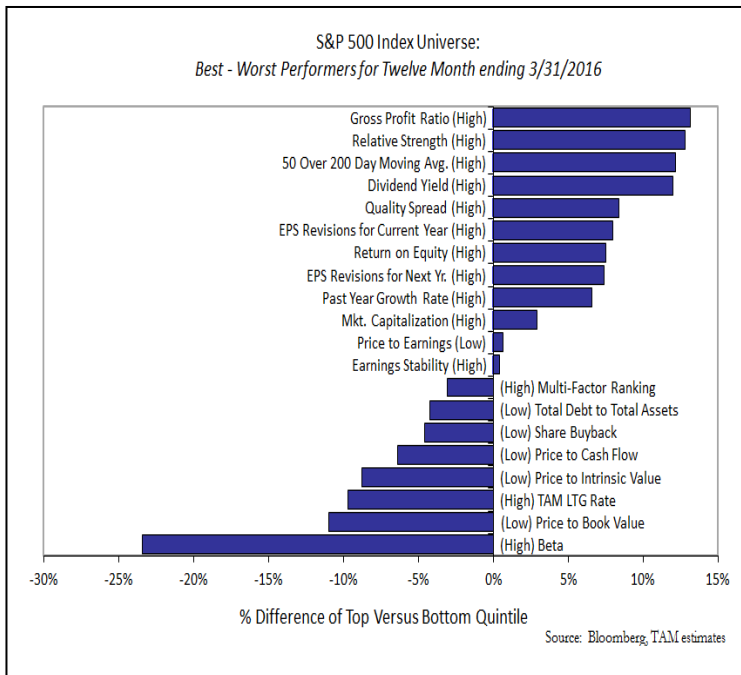
approximately 13% off the lows, but sector leadership still indicates cautious attitudes among investors.

- Oil found new lows as excess supply from years of overinvestment collided with sluggish market demand. Oil declined from the \$36/bbl to the \$26/bbl before recovering to over \$40/bbl. It appears the price of oil is bottoming, and our sense is the worst is behind us. Stay tuned.
- Earnings were disappointing, as US profits declined for the second quarter in a row, and guidance for future earnings was lackluster, a dismal combination. Analysts expect this to persist, but we think the dollar stabilization from year ago levels could help earnings more than analysts expect.
- Bond yields plunged worldwide on recession fears. Europe and Japan pursued additional easing measures. GDP estimates declined dramatically for the quarter, leading to worries of a US, European and/or Chinese recession. Japan and Latin America are already in recession.
- The Dollar weakened despite lower international rates as the Fed deferred rate increases and investors came to believe the pace of any rate increases will be much slower than previously anticipated.
- Confidence is fragile and it appears investors are waiting for a “Black Swan” event to unfold. Potential black swans would include:
 - Britain or Greece opting to exit the Eurozone
 - Continuing populist developments in the US election, New anti-inversion rules in the US
 - China potentially devaluing their currency
 - Continued or accelerating deflation in the EU and Japan, or,
 - More experiments with negative rates by central banks.

Some positive developments occurred during February and March. The Saudis indicated willingness to speak about an oil production cap. While nothing occurred, it prompted better oil prices and helped equity prices in the process. For the first quarter, the direction of oil prices and stock prices were closely correlated. It appears investors (or high frequency traders) consider oil prices to be the best instant gauge of economic activity.

After large run-ups from 2011 to 2014, most world markets have been in trading ranges or bear markets for the past two years. Central bank policies may be less potent as easy money can only do so much to bolster economic activity. Investors may be waiting for some pro-growth fiscal policies before we start the next leg of the secular bull. This cycle could be underway now with China, Japan, Europe and the US moving away from austerity and towards fiscal stimulus, but it is painfully slow.

What Worked... And What Didn't



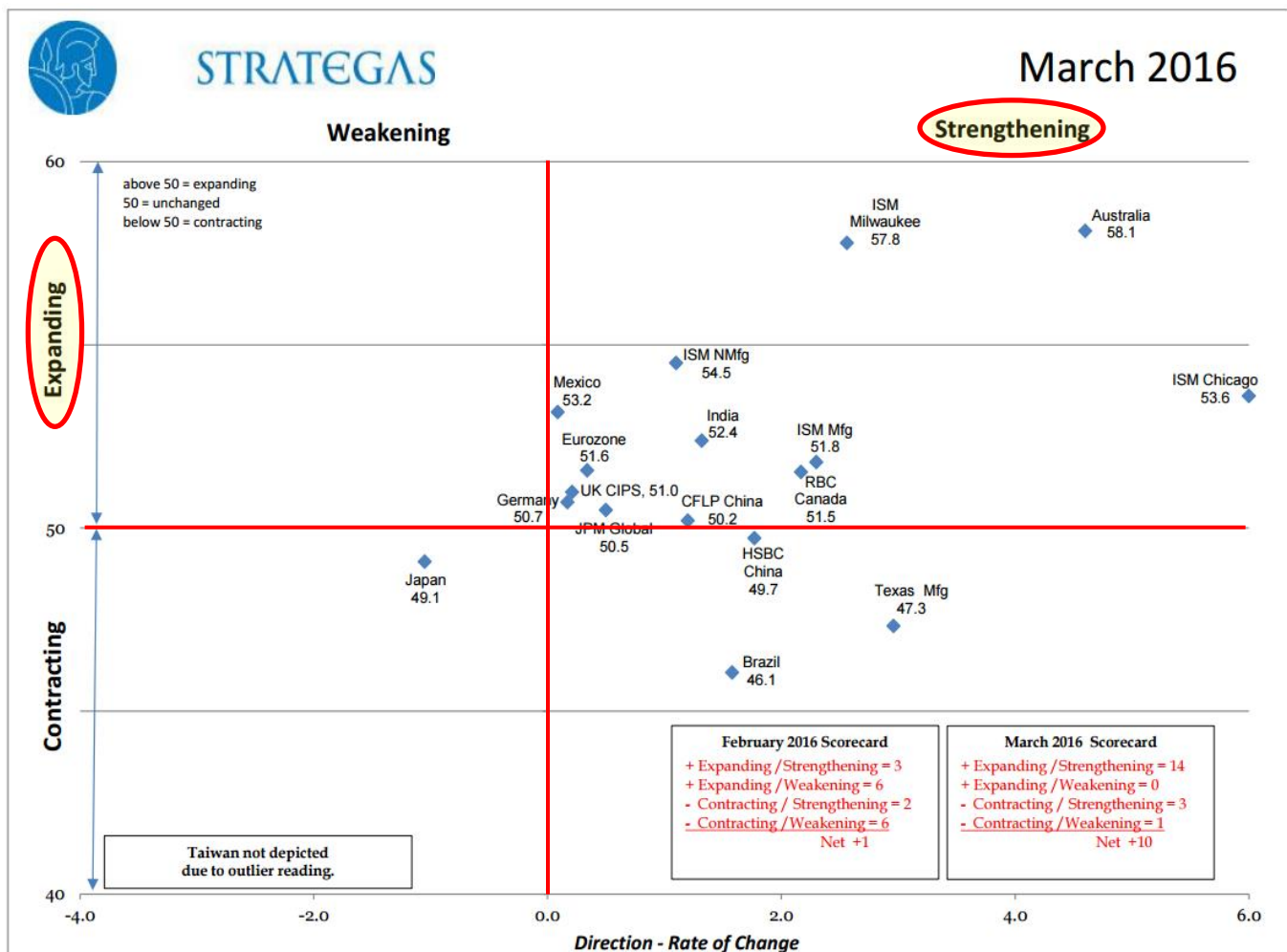
Market preferences did a complete turnabout in the first quarter, with investors shifting favor to visibility and value from last year's favorites of growth and momentum. Dividend yield was at the bottom of the rankings in 2015 but was rewarded this quarter. Unfortunately, one of the performance casualties this quarter was our multi-factor model, a key reason we lagged. This indicates to us that stock prices and fundamentals remain disconnected.

What would you call a worldwide economy where most of the constituents have accelerating growth in manufacturing activity? We think the correct term for that is recovery.

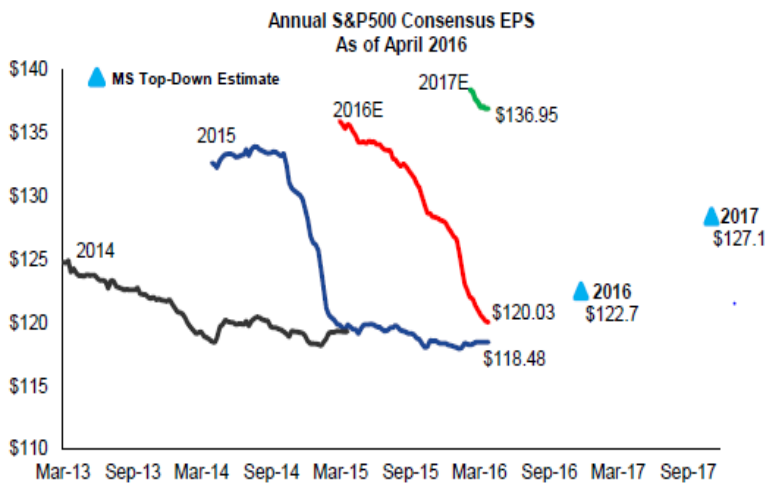
The chart below depicts the Purchasing Managers Index, a system used worldwide to determine if economic activity is expanding or contracting. Readings over 50 show expansion, while readings under 50 are contraction.

In March, most global readings indicated expanding activity at an accelerating pace.

Selected PMI Indexes



Earnings Estimates Have Declined for 2016



Source: Morgan Stanley

S&P Earnings estimates had a reset last year, as a higher dollar and weaker oil related capital spending probably cost US companies a years' worth of earnings growth. Note how S&P EPS started declining in early 2015 right after dollar strength and weaker oil capex hurt the outlook.

The dollar is actually below where it peaked one year ago, and much of the decline in oil capex is probably in estimates currently.

Our sense is that the declines in EPS estimates are mostly finished. Company guidance with first quarter earnings reports should let us know if that is correct.

Performance Review

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The strategy has experienced these types of lags in performance before, both during the period it has been managed as well as during the test period prior to launching the product. Despite the quarterly weakness, our longer term gross performance is ahead of the Value indexes over most time frames and ahead of the S&P 500 over longer time frames. We view this period of underperformance as a good time to add to the strategy, as the factors that achieved the long term performance should come back into favor in the foreseeable future.

The Opportunity Strategy is an unconstrained discipline within the S&P 500 that invests in stocks possessing excellent value characteristics, and then pairing those with exceptional measures of profitability, balance sheet strength or market acceptance. We employ a stop loss methodology to limit risk from any one stock. During the quarter, we had a very heavy exposure to the Consumer Discretionary sector and more modest overweighted positions in Materials and Industrials. The rest of the sectors were underweighted. Our holdings in Health Care, Consumer Discretionary and Materials helped performance, while our positions in Energy were significant detractors

Themes focused on during the first quarter included Luxury goods, Home oriented companies, Refining, Network Security Companies and Leisure Oriented companies.

The top five performers during the quarter were Michael Kors, The Gap Stores, CBS, WW Grainger and Avery Dennison. Michaels Kors and the Gap were beneficiaries of a firmer outlook for fashion sales and store economics during the quarter. CBS saw improved visibility after their analyst day. Grainger rebounded as investors started to feel the industrial slowdown has been overly discounted in the marketplace. Avery Dennison reported a stronger quarter than investors expected. The five largest detractors from performance were Marathon Petroleum, Royal Caribbean, Tesoro, Delphi Automotive, and H&R Block. Marathon and Tesoro were weaker with refining stocks as investors shifted their preferences to beneficiaries of higher energy prices. As investors worried about recession in January, Royal Caribbean weakened and Delphi weakened. All of these stocks were stopped out of the portfolio during the quarter. H&R Block weakened after poor guidance as well.

Review and Outlook

In our last letter, we said “We are in the midst of an old fashioned correction within a secular bull market.” We believe this is still the case and a trading range remains in place until some uncertainties are resolved. Elections in the US, the fears of Britain, Greece or Denmark exiting the EU, concerns on Chinese growth and the effectiveness of Japanese efforts to revive a moribund economy are all concerns that could hold back markets. Against that backdrop, over the next couple of weeks the talking heads are going to begin the “Sell in May and Go Away” speeches.

Stocks have been climbing a wall of worry, and there are still many items to worry about. History suggests that US markets tend to meander in election years until there is some clarity about the outcome. Offsetting that uncertainty, there are economic recoveries continuing in the US, China and Europe. Selling probably won't lean too heavily on stocks while most stocks yield more than 10 year treasuries and the yield curve is positive and sentiment is nowhere near



euphoric. Stocks can still have a positive year, but may not match the 11.5% annual returns we have seen over the past 5 years. Stocks probably still outpace bonds, as any gains are better than a current yield of less than 2% for most government bonds.

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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Todd Asset Management LLC

4-19-2016

S&P 500 – 2,101

Russell 1000 Value – 1,000

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.

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 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. 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®). TAM's compliance with the GIPS® standards has been verified for the period January 1, 2008 through December 31, 2015 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 Intrinsic Value Opportunity Composite for the period January 1, 2011 through December 31, 2015. 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.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.