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ASSET MANAGEMENT LLC

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2.5% Will Never Make You 7%

Todd Intrinsic Value Opportunity Review

	2Q 2015	YTD	1 Year	3 Year*	5 Year*	7 Year*	Since Inception (04/01/06)
Intrinsic Value Opportunity (Gross)	-2.0%	-3.6%	8.6%	20.2%	19.0%	12.8%	9.0%
(Net)	-2.2%	-4.0%	7.7%	19.3%	18.1%	12.0%	8.3%
S&P 500	0.3%	1.2%	7.4%	17.3%	17.3%	9.4%	7.4%
Russell 1000 Value	0.1%	-0.6%	4.1%	17.4%	16.5%	8.6%	6.4%

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

The IVO lost -2.0% (gross) compared to the S&P 500 return of 0.3% and Russell 1000 Value return of 0.1%. Thus far into 2015, US stock returns have been lackluster, to say the least. Our gross returns have been below the S&P and Russell 1000 Value as the market grinds and seems to go nowhere quickly. Jason Trennert, of Strategas, has coined a phrase "T.I.N.A., There Is No Alternative" to stocks. The way we characterize that sentiment is "2.5% Will Never Make You 7%" or current bond yields won't meet actuarial growth assumptions of 7%. As U.S/EU economic growth continues, concerns about Greece and Iran lessen, and, perhaps, Chinese/Japanese reflation efforts succeed, pension fund managers may feel good enough to add to their stock holdings after the summer lull.

During the quarter, investors considered and reacted to the following factors:

- EAFE, Emerging Markets and ACWI Ex US outperformed US Core and Value for the quarter and year to date periods. Bonds suffered as rates generally backed up. Investors shifted assets to international stocks, probably in recognition that bond rates are too low if developed (EU and US) economies are recovering.
- In the US, "no news is good news." The economy continues to recover from the winter, and the Fed remains on hold for now. Everyone expects higher rates as the Fed gets back to "normal."
- After a negative print of Q1 GDP and significant Foreign Exchange related downgrades of EPS estimates, most predictions are for flat profits. We think estimates may rise from here.
- Europe is in a quiet revolution and contagion is not happening. While Greece has "hogged" the headlines, other "PIIGS" (Portugal, Ireland, Italy, Greece, and Spain) are learning to fly as IMF reforms generate growth.
- China is hitting the panic button, as market turbulence in a centrally planned economy is an unwelcome development. Although markets are still dominated by State Owned Enterprises, we expect to see consumer growth in that economy.

We continue to believe the S&P 500 and other US indexes are in a secular bull market. Low bond rates and low inflation rates are combining to create an atmosphere where Pension Funds and long term investors have few alternatives to make reasonable returns on their income generating investments. This leaves few options besides stocks. When you consider that the US is becoming energy independent, and new technology is evolving to create more efficient manufacturing processes, there are secular reasons why the US may stay as one of the better performing economies worldwide.

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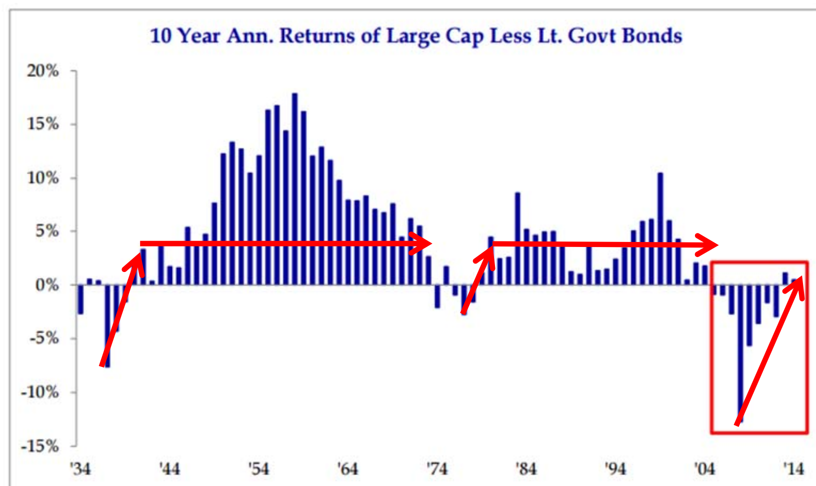
The US- No News is Good News.

While the Fed has stopped Quantitative Easing, monetary policy is still very easy by historic comparisons. Despite that, the US market has paused as investors fret that the end of QE means the end of stocks appreciating. Couple that with S&P EPS estimates that came down to flat year over year in 2015 over 2014 and you can see why US stock performance has been lackluster thus far this year. This may continue into the fall.

In our opinion, until dramatic excesses build up you are not likely to see a US recession. Without a recession, a bear market is unlikely. Until we get further into the economic cycle, we are at risk of lackluster growth, but a repeat of the 2000-2002 or 2008-2009 type recessions are improbable. The litmus test for excesses in an economy tends to come from long lived assets. In the late 1990's, vast sums of money were taken from issuing stock and put into telecommunications and internet capital spending. That turned into capital losses, so when the next cycle came along investors decided real estate (instead of stocks) was a sure-fire thing. That led to the well documented real estate bust and more capital losses. Looking at the current situation, the two usual suspects of economic excess; housing and business capital spending, seem to be fairly contained. You can make an argument that Oil related capital spending got extended, but that is not large enough to derail the entire economy. The collapse in oil exploration coincides with the pause in the markets and flattening of EPS growth. As we move forward in an economy that is creating jobs and bringing unemployment down, our eyes are on real estate and capital spending. We believe a larger recovery in those markets is necessary before the Fed gets restrictive on short term interest rates. Short term rates are probably rising in the next year, but anything up to 1+% is simply getting back to normal in our opinion. The Fed would have to move higher than that to be restrictive.

Longer term, we believe low rates worldwide are forcing investors into stocks, and have been doing that since the market bottomed in 2009. We like studies that focus on long term trends, so when our friends at Strategas showed the rolling ten year difference of returns between Large Cap stocks and Long Term Government Bonds, it crystallized our thoughts on how the decade might play out. The rolling ten year returns between those asset classes just turned positive. If history is a reliable guide, this should remain the trend for DECADES. Low rates have forced Pension Funds out of bonds due to lower yields. Thus far, the long term shift has been from bonds into alternative assets. As alternative assets underperform equities, we believe the most hated bull market on record should begin to see some affection from investors. That's a ten year plus phenomenon waiting to happen.



Shown below are our customary charts describing which factors have been helping or hindering performance for US stocks. 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 year, the market has favored

growth companies with high profitability and stability, and tended to ignore valuation measures. This is broadening a bit in the most recent three months as growth and a few valuation measures outperformed, but other factors indicating market acceptance and positive earnings surprises are being disregarded. Given a near zero return for the year to date, and sub-par returns over the past twelve months, the US stock market is wrestling with a couple of things. International markets are starting to outperform (and they should, it's time…) and the headwinds to earnings guidance have caused investors to focus on quality and growth prospects. Our sense is valuation may matter more as the year progresses and EPS headwinds start to subside or at least anniversary when the pressures started to build last year.

Strategy Review

Our lag versus the Indexes came entirely from stock selection as sector allocation actually helped performance. Over the trailing year, the factors we use to determine our three sleeves, (Profitability strength, Financial Strength and Technical Strength) have all helped performance, but not so for the past three months. We view this as temporary and expect as the year proceeds, investors will begin to seek stocks with these long term value adding characteristics.

During the quarter we were significantly overweighted in the Consumer Discretionary, Health Care and Industrial sectors, while we were out of Consumer Staples, Telecommunications and Utilities stocks. Our Health Care, Materials and Technology selections helped performance. The exposure to the Managed Care Companies and Gilead helped in Health Care. Our exposure to LyondellBasell, Citrix Systems and Juniper drove the Materials and IT performance. Our stock selection in Consumer Discretionary and Industrials hurt performance. Michael Kors, Urban Outfitters and Fossil cost the most in the Discretionary space as investors worried about earnings outlooks and sustainability of growth for these names. American Airlines and Southwest cost the most in Industrials, as investors worried about capacity expansions.

The top five contributors to returns this quarter were Cigna, Gilead Sciences, Aetna, LyondellBasell and Cameron International. Cigna and Aetna benefitted as a takeover speculation boosted the managed care group. Gilead Sciences disproved sceptics who thought pricing concerns would weigh on results for their new Hepatitis C cure. Lyondell Basell profited from lower costs of their primary inputs, Ethane and Propane. Cameron International gained as investors had become too bearish on the outlook for their specialty drilling products.

The weakest five stocks in the portfolio were Michael Kors, Urban Outfitters, Southwest Airlines, Fossil Group and Corning. Michael Kors, Fossil and Urban Outfitters all experienced disappointing earnings and guidance. Investors worried that consumers were not spending their oil dividend and were quite willing to dramatically punish and fashion company shortfalls. Southwest Airlines declined with the airline group amid concerns that rebounding oil prices and increases in capacity would crimp their earnings outlook. Corning was hurt by weak results in their display business and the foreign exchange impact.

Market activity has been focused more on growth than value this year as many valuation measures have been hindering performance in general. The market has become more focused on a few high growth stocks and breadth (the number of stocks in an uptrend) has deteriorated. These factors have hurt performance for this strategy. We continue to believe that a sustainable economic recovery is unfolding in the US, and other developed markets are seeing that as well. If this continues, we believe that valuation will matter more as we progress through the year. We are concerned that moves towards the Fed normalizing their policy rates could cause some short term equity weakness over the summer, which could lead to that rotation back towards valuation we are speaking about.

This strategy concentrates on various sectors and themes as they meet our investment criterion. In our recent rebalance the strategy emphasized the Consumer Discretionary and Industrial sectors. Particular themes we are focused on for the upcoming quarter are Home Construction/Improvement beneficiaries, Discounters, Fashion, Media and Leisure Activity/Entertainment companies. Most of these suggest to us that it is positioned for the Oil Dividend to get spent by consumers.

The Outlook

There has been no shortage of news recently with Greece, China and Iran dominating headlines. As we are in the summer months and investors are still uncertain of the economic recovery in the US, volatility is probably going to increase for US stocks. Year to Date, US stocks have essentially gone nowhere, with some fairly dramatic sector rotations within the market.

In our last letter, we suggested concerns about FX negatively impacting EPS estimates and the impact of Chinese weakness and Greek Negotiations could make for a dicey short term environment. That seems to have occurred, but we have not seen a correction in US stocks. The US market rally is getting long by historical standards, and has been among the best off the bottom by historical standards as well. This is something we are watching closely. While we believe the US economic expansion has years to run, we are mindful that sometimes markets just want to decline. We are trying to balance the prospect of economic growth in the US and Europe, the lessening of geopolitical headwinds (note, we did not mention Russia once in this letter) against the potential for softer global economic growth coming from China. In all, our sense is the US market will probably rise before year end. Year to date, investors have been seeking high quality growth, both here and overseas. That's an indicator of a scared market. If consumers spend their oil dividend, and fiscal/economic stimulus in China work, and the European

economic recovery (ex-Greece) continues, that should be a good harbinger for stocks. That would also help our portfolio performance as investors should start seeking more value oriented stocks.

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

7-23-2015

S&P 500 – 2,100

Russell 1000 Value – 1,011

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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INTRINSIC VALUE OPPORTUNITY 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 or since the period reported. Accounts within this composite are rebalanced on the first trade day of each quarter. 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, retirement plans, endowments, IRAs and high net-worth individuals, invested in domestic 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 equity securities that are in the least expensive third of the S&P 500 Index based on price-to-intrinsic value and have high technical market strength or high balance sheet strength or high income statement strength ratings.

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 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 March 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 March 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%. 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 (shown with dividends reinvested):

S&P 500 Index is a widely recognized index of market activity based on the aggregate performance of a selected unmanaged portfolio of publicly traded common stocks. The performance data includes reinvested dividends and 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.