

Todd Large Cap Intrinsic Value Review

	2Q 2014	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	5.08%	8.68%	25.75%	15.97%	18.22%	6.88%	8.77%
(Net)	4.93%	8.37%	25.01%	15.28%	17.51%	6.24%	8.11%
S&P 500	5.24%	7.14%	24.61%	16.59%	18.83%	6.16%	7.78%
Russell 1000 Value	5.10%	8.28%	23.81%	16.92%	19.23%	4.80%	8.02%

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

The LCIV posted a gain of 5.08% (gross of fees) in the quarter, slightly trailing S&P 500 and Russell 1000 Value returns of 5.24% and 5.10% respectively for the quarter. Year to date and over the trailing year the LCIV is comfortably ahead of both indexes.

With the S&P gaining a little more than 7% year to date, we see a number of points investors should be aware of, including:

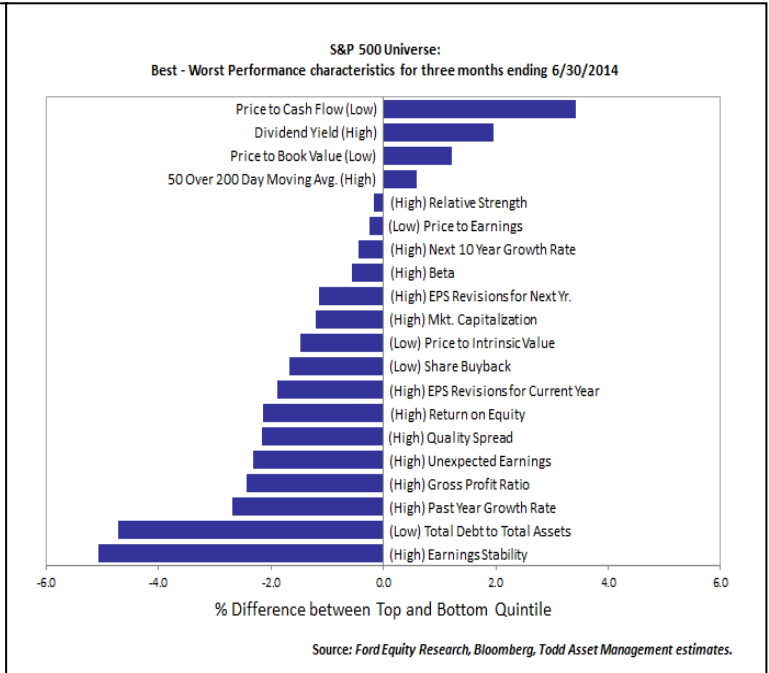
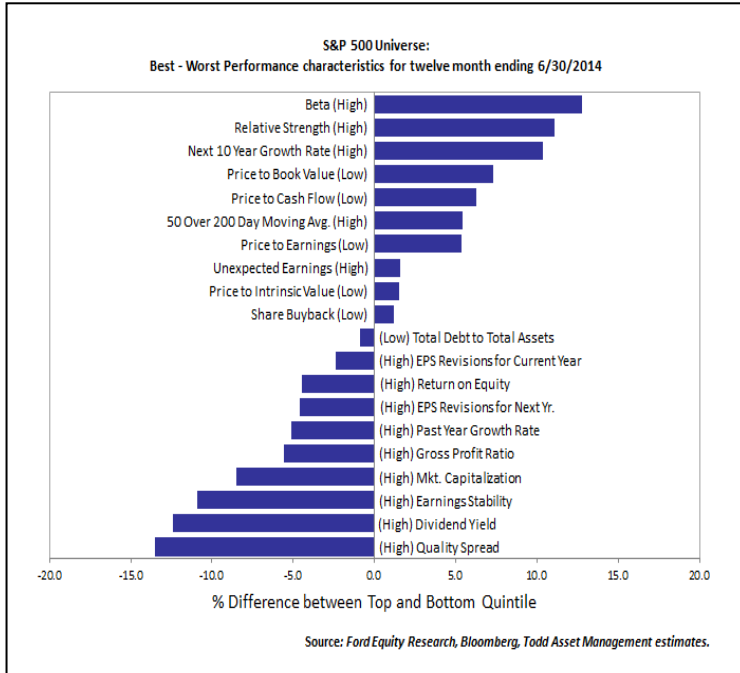
- The range of YTD returns by S&P 500 sector are as follows; Utilities +18%, Energy +13%, Healthcare +11%, Info Technology +9%, Materials +9%, Consumer Staples +5%, Financials +5%, Industrial + 4%, Telecom +4%, and Consumer Discretionary +1%.
- Range of YTD total returns by asset class are S&P 500 up 7.1%, S&P Midcap up 7.5%, S&P Smallcap up 3.2%, Russell 1000 Value +8.2%, Russell 2000 up 3.2%, and Barclays AGG ETF +3.7%.
- Profit taking in the Consumer Discretionary and Industrial stocks has been one of the biggest drivers of performance in domestic markets, as investors saw harsh weather slow the economy.
- Rotation into Utilities and Energy defined the quarter. Healthcare also performed well as takeovers and safety spurred interest. Geopolitical uncertainty (think Ukraine and Iraq) has caused oil to rise, helping energy shares.
- The Fed continues to taper, yet volatility has declined and many banks/capital markets players are suffering.
- Mergers and Acquisitions have surged, especially in Health Care, Technology and Media. Most are occurring close to our calculated intrinsic value.

We are pleased with the performance of the strategy because even being underweighted in the sectors that have performed best, we are still performing well. While the Fed has been tapering their bond purchases, the market has been rewarding the traditional investment disciplines based on valuations, fundamental and technical disciplines and not simply bidding up high beta stocks.

We present our customary charts on what factors have been helping or hindering performance for US stocks below. While Beta was rewarded over the past year, it has shifted to the underperformers in the most recent quarter. Valuations favoring cash flow, returns to shareholders and accounting book value have helped performance over the past quarter, along with certain momentum measures. Most other



factors that we consider attractive tended to detract from returns during the quarter, perhaps as a result of the extraordinary actions the ECB and Bank of Japan are undertaking.



Compared to the S&P 500 during the quarter, stock selection helped our performance while sector allocation detracted. The net result was to slightly underperform the index during the quarter. Our best contributors on stock selection were the Consumer Staples and Industrials. Specific stocks that helped were Altria and Walgreens in the Consumer Staples sector and United Rentals and Illinois Tool Works in the Industrials. The areas that cost us the most in stock selection were Financials and Materials. Specifically, Bank of America and JP Morgan Chase as well as CF Industries were laggards. We did remove Bank of America from the portfolio during the quarter. On our sector weights, we were overweighted the Industrials, Financials and Consumer Discretionary compared to the S&P 500 and underweighted the Staples, Energy and Materials sectors. Positioning in the Energy and Financial sectors cost us performance versus the S&P 500.

Compared to the Russell 1000 Value, stock selection cost us a modest amount, while sector weightings helped a bit. Stock selections in the Consumer Discretionary and Technology sectors detracted from portfolio performance. Whirlpool and Macys were the laggards in Discretionary, while EMC and Oracle lagged the Tech group. Our choices in the Consumer Staples and Industrials helped our performance, and the leaders and laggards are noted above.

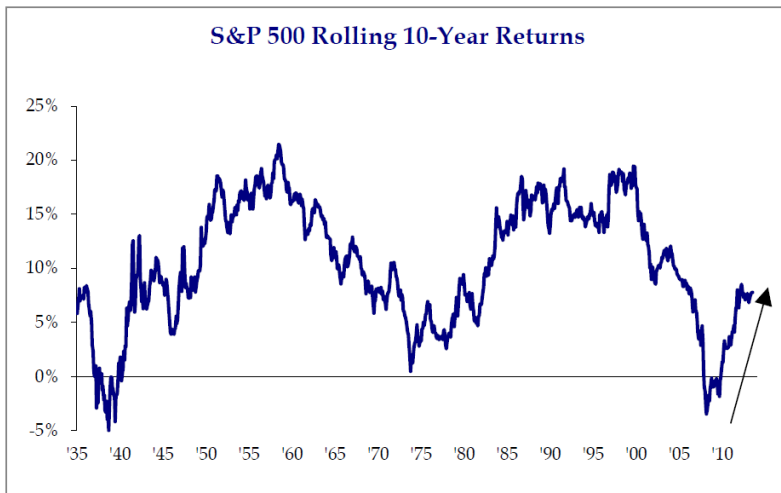
Our best performing stocks were Conoco Phillips, Intel, Apple, Covidien and Gannett Company. The laggards were Bank of America, Express Scripts, Whirlpool, JP Morgan and CF Industries. Among the leaders, Covidien was the beneficiary of a takeover bid by Medtronic, while Intel and Apple both are benefitting from better expectations on technology device sales. We have booked the profit and sold the

Covidien shares. They are both seeing upward revisions to estimates. Conoco Phillips is benefitting from better E&P results. Gannett is benefitting from higher operating earnings resulting from the acquisition of AH Belo's broadcasting business. Bank of America and JP Morgan have both suffered from continuing concerns about government actions stemming from the financial crisis. Express Scripts declined after weaker results in the first quarter prompted a reduction in estimates. Whirlpool saw a weaker than expected Q1 as a result of the bad weather and CF weakened as commodity prices declined.

Our Multi-factor model continues to highlight the more economically sensitive sectors as attractive at this juncture. Capital spending is firming up as we begin to see expenditures on technology improving. Additionally, we view the recent increase in mergers as a way for companies to increase capacity without having to resort to the vagaries of actually building factories. This could be a precursor to increasing demand for productive capacity, and it certainly indicates a newfound confidence among management teams.

Interesting charts from the US that we saw this quarter

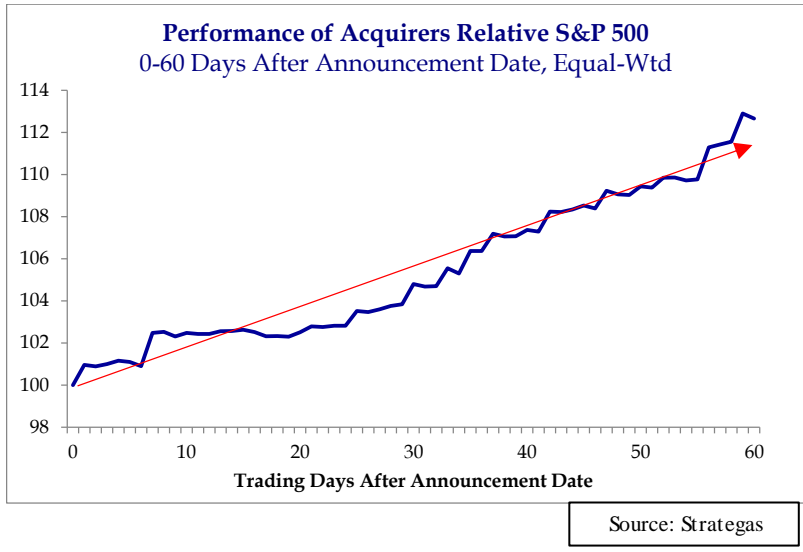
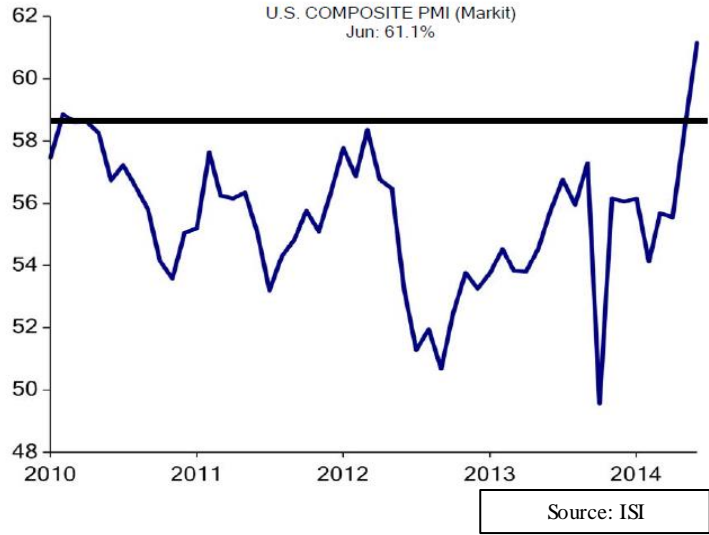
We can go into chapter and verse about the quarter, the negative GDP, the geopolitical crises or any number of other items about recent market action, but the most important chart to look at is the rolling ten year market returns.



Source: Strategas

Rolling ten year returns have bottomed out between 0% and -5% over the past eighty years. Following cyclical bottoms, returns improve until you see a ten year rate near 20%. While many question the market's recovery (or secretly don't trust it) history suggests there are many years to go and a lot more upside in this cycle before we get ten year returns to approach 20%.

First quarter GDP was miserable, shrinking at an annual rate of almost 3% due to rugged weather. Looking forward, the Purchasing Managers Index (chart to the right) has just posted a recovery high. This suggests a fairly strong rebound in economic growth is likely.



The surge in takeover activity has many market observers worried the market is overheating. Our experience suggests that takeover bubbles happen when companies turn to empire building away from their core businesses. Most deals have been IN the acquirers' core businesses, offering true opportunities for synergies. This chart shows the most unusual aspect of the recent activity... namely, that the acquiring companies are outperforming the market! This gives us comfort that we are not at the end stage of the cycle yet.



Charts like the timeline above are always useful, in our opinion. Since the beginning of the year, the market has reached new highs despite several notable economic and geopolitical headwinds. We thought some pause was likely after the first quarter as midterm elections are coming up in the US. As we look forward, we cannot rule out a pause, but having shrugged off a Russian Invasion of the Ukraine, the dissolution of Iraq as we know it and a hugely negative print on GDP growth; we're hard pressed to say what is likely to cause this market to backtrack. We believe the combination of a recovery in economic growth and continued low short term rates in the US indicates the path of least resistance is still up for the S&P 500.

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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7-16-2014

S&P 500 – 1981

Russell 1000 Value - 1003

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 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. 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 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, 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 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 verified for the period January 1, 2008 through March 31, 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 Large Cap Intrinsic Value Composite for the period January 1, 2011 through March 31, 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 and includes the reinvestment of all income. Net of fee performance was calculated using the highest all inclusive annual management fee of .60% applied monthly. Prior to September 2001, the highest management fee applied to the composite was .50%. 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 (all 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.