TODD
ASSET MANAGEMENT LLC

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2.5% Will Never Make You 7%

Todd Large Cap Intrinsic Value Review

	2Q 2015	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	-0.2%	0.3%	7.1%	17.6%	17.1%	9.7%	8.3%
(Net)	-0.3%	-0.0%	6.5%	16.9%	16.4%	9.0%	7.7%
S&P 500	0.3%	1.2%	7.4%	17.3%	17.3%	9.4%	7.9%
Russell 1000 Value	0.1%	-0.6%	4.1%	17.4%	16.5%	8.6%	7.1%

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

The LCIV posted a gross return of -0.2% for the quarter, compared with the S&P return of 0.3% and the Russell 1000 Value gain of 0.1%. Bonds and most Small Cap indexes posted losses during the quarter. International stocks performed better than their US counterparts. Thus far into 2015, US stock returns have been lackluster, to say the least. Our gross returns have been between 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.

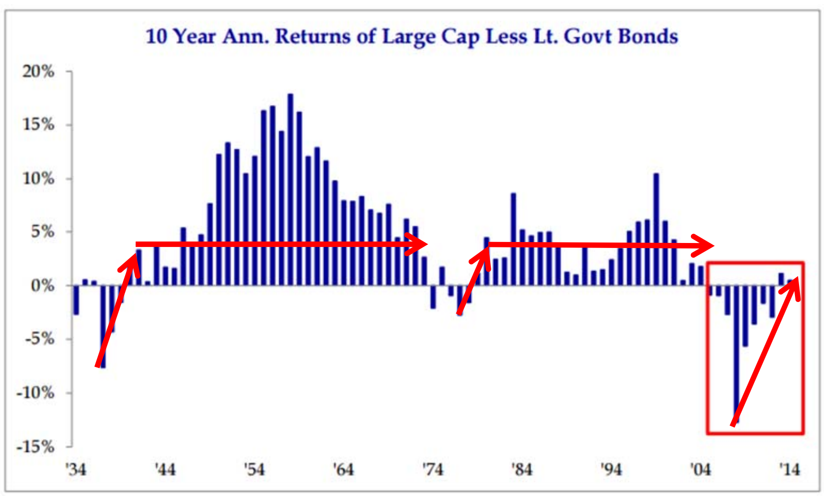
We continue to believe the S&P 500 and other US indexes are in a secular bull market. Low bond rates and low inflation rates are combining to create an atmosphere where Pension Funds and long term investors have few alternatives to make reasonable returns on their income generating investments. This 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.

The US- No News is Good News.

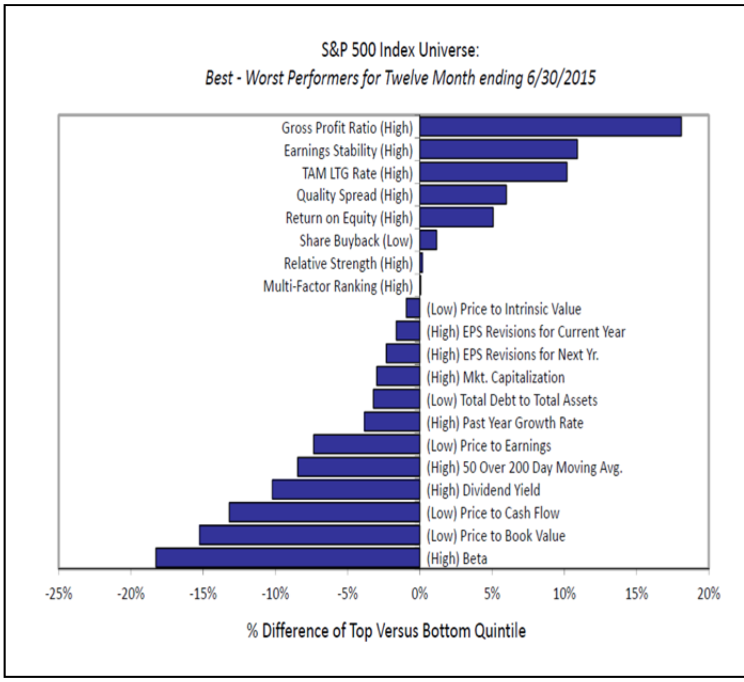
While the Fed has stopped Quantitative Easing, monetary policy is still very easy by historic comparisons. Despite that, the US market has paused as investors fret that the end of QE means the end of stocks appreciating. Couple that with S&P EPS estimates that came down to flat year over year in 2015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

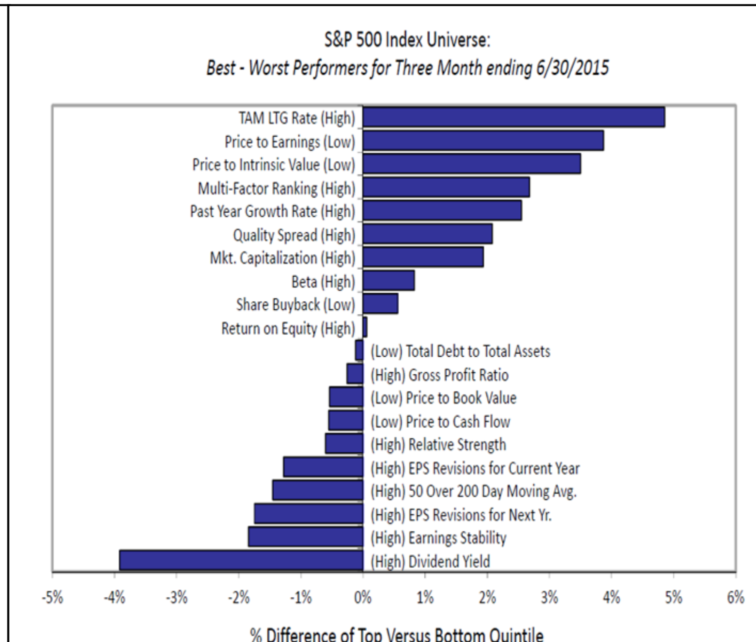
In our opinion, until dramatic excesses build up you are not likely to see a US recession. Without a recession, a bear market is unlikely. Until we get further into the economic cycle, we are at risk of lackluster growth, but a repeat of the 2000-2002 or 2008-2009 type recessions are improbable. The 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.





Source: Bloomberg, TAM estimates

We slightly lagged the S&P and Russell 1000 Value last quarter because of the high growth bias investors had. Their mixed feelings about valuations measures left us at a slight disadvantage. S&P gains for the quarter were led by Health Care, Consumer Discretionary, Financial and Telecommunications stocks. Utilities, Industrials, Energy and Consumer Staples stocks underperformed for a variety of reasons. The US stock market has been tracking sideways since the beginning of the year as reduced earnings expectations weigh on shares.

On the positive side, both our weighting and selections in six out of the ten sectors contributed positively to performance. The best contributors to performance were the Energy and Healthcare sectors. We were underweight the energy sector, with an emphasis on refining and quality drillers and avoiding most E&P companies. We saw good results from the refiners, Marathon Petroleum and Phillips 66 in the quarter, as lower oil prices continue to lower their input costs. Cameron International was our best energy stock as it posted a positive earnings surprise and forced the more pessimistic analysts to upgrade estimates. We were overweight Healthcare versus the S&P 500, and our selections in that sector helped performance. Gilead led the group, recovering from concerns that arose due to discounting in their new Hepatitis C cure. It seems the market is larger than expectations. We also got good performance from our Managed Care companies Anthem and United Health as further consolidation within that sector occurred.

Information Technology and Industrials were our most disappointing sectors, costing us performance in both weighting and selection. Within the Industrials, transportation capital equipment stocks like Oshkosh and the larger rails like Norfolk Southern and Union Pacific were the worst performers. Economic concerns hurt all three. Worries about volumes of coal shipments and Oil Drilling Equipment slowdowns were of special concern for the rails. In the Technology sector, TE Connectivity was impacted by concerns regarding the foreign exchange impact on their connector business. We also saw Qualcomm weaken on royalty payment reductions by the Chinese government. All of our semiconductor holdings detracted from performance.

Specific to our portfolio, the top five contributors were Gilead Sciences, JP Morgan, Goldman Sachs, Tegna (the old Gannett) and Delphi Automotive. It's a diverse group of names that each rallied for different reasons relating to company specific developments. We mentioned Gilead previously. J.P. Morgan experienced 9% loan growth. Goldman had exceptional results from all businesses. Gannett broke into two companies to realize value. Delphi Automotive saw organic growth accelerate on the back of the global recovery in auto sales. The worst five contributors were Union Pacific, Whirlpool, TE Connectivity, Qualcomm and CBS. Union Pacific, Qualcomm and TE Connectivity were already discussed. Whirlpool suffered from FX headwinds. CBS was pressured as expectations for national advertising revenues were cut.

The largest changes to the portfolio were the 1.3% reduction in cash within our model to end at 2.3% and the increase in exposure to the Financials to 20.3% from 18.8%. That compares with the S&P 500 index position of 17.2%. The Financials should benefit from continued moderate growth in the US economy, increased assets under management, and potential increases in short term interest rates which help their lending results. All other changes to sector weights were 50 basis points or less.

We are overweight Consumer Discretionary, Financials, Health Care and Industrials. We are underweighted in the Consumer Staples, Energy, Materials, Utilities and Telecomm sectors. We are market weighted in Technology stocks. Our indicators suggest that the sectors most closely correlated to bonds are still expensive even though bond rates have backed up slightly. We still see the potential in areas that benefit from improved consumer incomes, low rates and economic activity.

The Outlook

There has been no shortage of news recently with Greece, China and Iran dominating headlines. During the summer months, investors are still uncertain of the earnings outlook in the US. As a result, 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 the magnitude of the gain off the bottom has been among the best 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.

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, 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 Large Cap Intrinsic Value 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

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 .60% applied monthly. Prior to September 2001, the management fee schedule 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.