Todd Large Cap Intrinsic Value Review

	2Q 2018	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	-0.7%	-1.1%	14.0%	10.0%	12.4%	12.1%	9.8%
(Net)	-0.8%	-1.4%	13.3%	9.3%	11.7%	11.4%	9.1%
S&P 500	3.4%	2.7%	14.4%	11.9%	13.4%	13.2%	10.2%
Russell 1000 Value	1.2%	-1.7%	6.8%	8.3%	10.3%	11.3%	8.5%

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

Performance Review

The LCIV strategy declined -0.7% (gross) during the quarter, underperforming the S&P 500 (+3.4%) and Russell 1000 Value (+1.2%). Year to date, the LCIV is down -1.1% (gross) vs. the S&P 500 at +2.7% and Russell 1000 Value at -1.7%. US markets seem to be in a period where they are disbelieving the economic recovery we have been in since the Great Recession can last much longer. We believe the economic recovery that the US and rest of the world is enjoying should last for some time to come. During the quarter, energy stocks were bid up as oil prices lifted. This helped our portfolio. We also found that technology stocks in the IT and Consumer Discretionary sectors lead the index returns. That hurt our returns since we are underexposed to those growth type names.

We routinely analyze approximately 20 factors to determine what attributes the market is favoring at any point in time. We found with the market concerns growing on geopolitical risk and economic concerns that the number of attributes the market favored during the quarter narrowed to emphasize growth and quality. Attributes favoring Value, shareholder return and combinations of factors like our Multi-Factor model have not worked as well this year as investors are still infatuated with the assured growth they think the technology stocks offer them. As investors get comfortable that the US and worldwide economy should see continued growth, we think they will return to favoring a broader group of stocks like the ones we own.

Stock selection drove all of our underperformance during the quarter. Financials, Consumer Discretionary and Technology were the weakest performing sectors. Consumer Staples, Health Care and Telecom were the most additive. Our factor work showed a notable narrowing of factors that worked for the quarter. Value metrics continue to underperform, while Earnings and Quality related factors ranked among the best performers. Our Multi-Factor Ranking also underperformed during the quarter.

We remain overweight the more economically sensitive sectors, including Financials, Energy and Industrials. We also continue to be underweight in more defensive, yield oriented sectors including Consumer Staples, Utilities, Real Estate and Telecom. Technology is another sector we are notably underweight as the market's preference for many of the mega-cap names has increased Technology's weight in the index to 26%, while our exposure has remained largely unchanged.

Our top five contributors to performance during the quarter were UnitedHealth, F5 Networks, Apple, Home Depot and Qorvo. UnitedHealth continues to gain market share as their Optum unit provides the company with superior patient data and a cost advantage relative to peers. F5 Networks is seeing product growth reaccelerate after a slow and disappointing start to their upgrade cycle.

Apple is seeing Services (App Store, Apple Music, iCloud storage, Apple Pay, etc.) drive revenue growth as device growth slows, offering a large monetization opportunity moving forward. A strong housing market, supported by wage growth and stable home prices, continues to benefit Home Depot. Qorvo continues to gain content in new smartphones and is seeing a recovery in the Chinese market.

Our worst five detractors from performance during the quarter were United Rentals, Morgan Stanley, Lincoln National, Illinois Tool Works and Carnival. United Rentals failed to meet high expectations in their first quarter release and "trade war" concerns further weighed on shares. Morgan Stanley narrowly passed the Fed's stress test which raised concerns that the company's shareholder return plan would need to be lowered. Lincoln National declined on weak annuity flows and a flattening yield curve. Organic growth slowed at Illinois Tool Works and cost inflation pressured margins in most of their businesses. Carnival is experiencing both currency headwinds and higher fuel costs, both of which weighed on earnings.

Markets are wrestling with many factors and confidence appears limited despite the fact that the S&P is trading near the highs of the year. Investors are rushing into a crowded trade in the FANG stocks (Facebook, Amazon, Netflix and Google). These stocks have been the leadership for some time, and by some measures have accounted for more than two thirds of the markets gains this year. Uncertainty about economic growth is the cause of this concentration of performance. As the year progresses, we believe investors will regain some comfort that the economy will continue to grow despite the noise we are getting from Washington. As that comfort grows, we anticipate markets should act better, and investors should be willing to venture beyond the FANG stocks and look for value in other parts of the market.

As always, if you need any additional information, Please feel free to contact any of us.

Curt Scott, CFA
Jack White, CFA
Jack Holden CFA
Shaun Siers, CFA

7/24/18
S&P 500 – 2,820
Russell 1000 Value – 1,217

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 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. There is no guarantee that this investment strategy will work under all market conditions.

Registration of an investment adviser does not imply any level of skill or training.

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 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, 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 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 independently verified for the periods January 1, 2008 through March 31, 2018. 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 Large Cap Intrinsic Value Composite has been examined for the periods January 1, 2011 through March 31, 2018. 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, 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%. 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.