

Todd Large Cap Intrinsic Value Review

| | 4Q 2018 | 1 Year | 3 Year* | 5 Year* | 7 Year* | 10 Year* |
|-----------------------------------|---------|--------|---------|---------|---------|----------|
| Large Cap Intrinsic Value (Gross) | -16.4% | -13.7% | 6.7% | 6.2% | 10.5% | 11.6% |
| (Net) | -16.6% | -14.2% | 6.1% | 5.6% | 9.9% | 10.9% |
| S&P 500 | -13.5% | -4.4% | 9.3% | 8.5% | 12.7% | 13.1% |
| Russell 1000 Value | -11.7% | -8.3% | 7.0% | 6.0% | 11.0% | 11.2% |

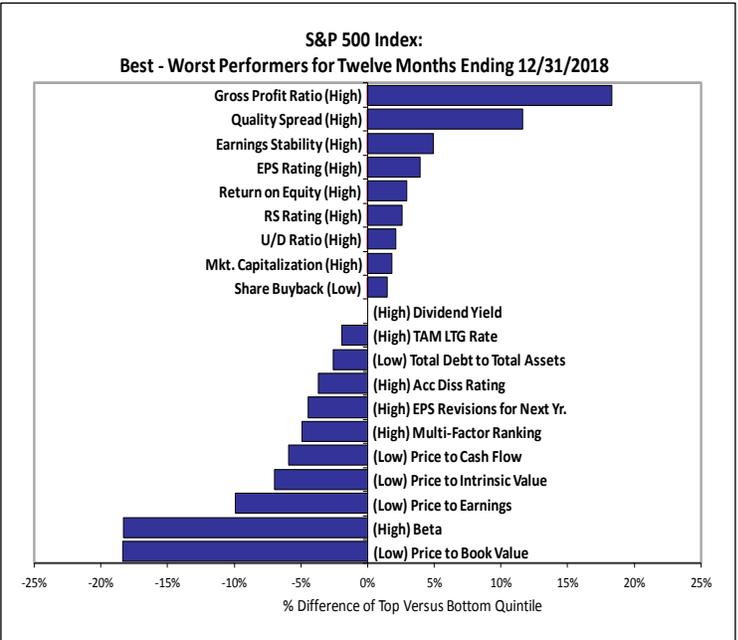
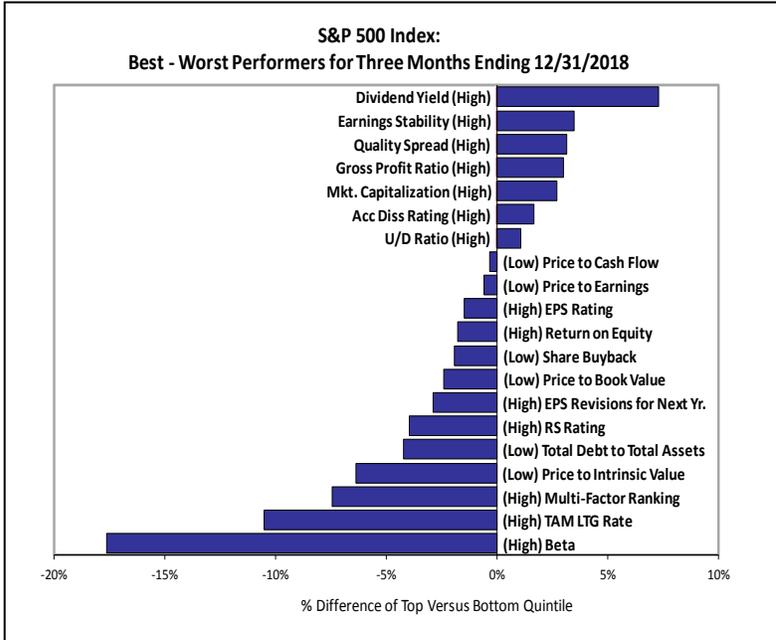
* Annualized Total Returns. Please refer to the attached Performance Disclosure for further information.

Performance Review

The LCIV strategy declined -16.4% (gross) during the quarter, underperforming the S&P 500 (-13.5%) and Russell 1000 Value (-11.7%). Year to date, the LCIV is down -13.7% (gross) vs. the S&P 500 at -4.4% and Russell 1000 Value at -8.3%.

The US stock market anticipated a recession in the second half of last year. A 20% decline from the S&P 500 peak in September to the trough in December is confirmation of that. The US bond market is probably gearing up for one as well, as the decline in bond yields seem to indicate. The odd thing about this is that the Federal Reserve and most economists do not expect one. Looking at performance for the last quarter, current fundamentals didn't matter, but geopolitics and Fed policy did. Investors are anticipating an economic contraction that we do not think will occur. This feels very much like an echo of a similar episode the US experienced in 2016, and our sense is it probably plays out the same way, i.e. no recession and a recovery in stocks with good fundamentals. Our performance since June is mimicking the underperformance we experienced in the first half 2016, and we anticipate a possible recovery in our performance over the next 18 months like we experienced after that period.

Stock selection drove roughly half of our underperformance during the quarter. Consumer Discretionary, Communications and Energy were our best performing sectors. Financials, Industrials and Consumer Staples were our weakest areas. Our factor work (shown below) showed a flight to safety and additive factors narrowed to only 7 of the 20 we track, led by quality factors and dividend yield. This is another echo of the environment we saw back in the first part of 2016. Valuation metrics underperformed and our Multi-Factor Ranking was out of favor as 5 of the 7 inputs that go into the ranking detracted during the quarter.



Source: Todd Asset Management, Bloomberg

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 Communications. We had substantially added to our Energy holdings over the past 12-15 months, largely at the expense of our Discretionary holdings.

Our top five contributors to performance during the quarter were Pultegroup, Verizon, Autozone, Cigna/Express Scripts and Intel. Pultegroup, which had sold off aggressively through October, rebounded as mortgage rates declined and investors priced in a slower rate hike path from the Fed. Verizon benefitted from the flight to safety in the 4th quarter. They are also seeing customers upgrade data plans, which is driving wireless revenues above estimates. Autozone’s safety profile (stable EPS growth) helped shares during the risk off phase in December. Increased demand for maintenance due to ageing consumer vehicles is also driving sales. ESRX’s acquisition by Cigna completed at the end of 2018 and investors became more comfortable in deal accretion in 2019. Intel continues to see solid demand from Datacenters and is expanding operating margins. The company also benefitted from flight to safety in 4Q18.

Our worst five detractors from performance during the quarter were Apple, United Rentals, Marathon Petroleum, Citizens Financial and Aptiv. Apple issued soft guidance due to slowing demand for smartphones, particularly in China, as a result of tariff concerns. Concerns around economic growth and pressure from higher rates on equipment spending weighed on shares of United Rentals. Oil prices fell from \$75 to \$45 in 4Q18, as did gasoline prices. This along with integration concerns around the Andeavor deal weighed on shares of Marathon Petroleum. Citizens Financial, along with other banks, weakened on concerns over higher short-term interest rates and a flattening yield curve weighing on profitability. Aptiv issued soft guidance at their 3Q18 call on lower auto production in China.



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

01/18/19
S&P 500 – 2,669 (Intraday)
Russell 1000 Value – 1,165 (Intraday)

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.

This publication has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. Commentary may contain subjective judgements and assumptions subject to change without notice. There can be no assurance that developments will transpire as forecast. Information contained herein has been obtained from sources believed to be reliable but not guaranteed. No part of this publication may be reproduced in any form, or referred to in any other publication, without express written permission of Todd Asset Management LLC. © 2019.



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 September 30, 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 September 30, 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.



London Stock Exchange Group PLC and its group undertakings (collectively, the “LSE Group”). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. FTSE®, Russell®, and FTSE Russell® are trademarks of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company’s express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.