October 21, 2025
Intrinsic Value Team
Todd Asset Management

Todd Q3 2025 Intrinsic Value Opportunity Review

	3Q 2025	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
IV Opportunity (Gross)	6.07%	17.78%	29.14%	26.53%	21.87%	14.68%	12.85%
IV Opportunity (Net)	5.85%	17.06%	28.08%	25.49%	20.87%	13.73%	11.91%
S&P 500	8.12%	14.83%	17.60%	24.94%	16.47%	14.45%	15.30%
Russell 1000 Value	5.33%	11.65%	9.44%	16.96%	13.88%	9.53%	10.72%

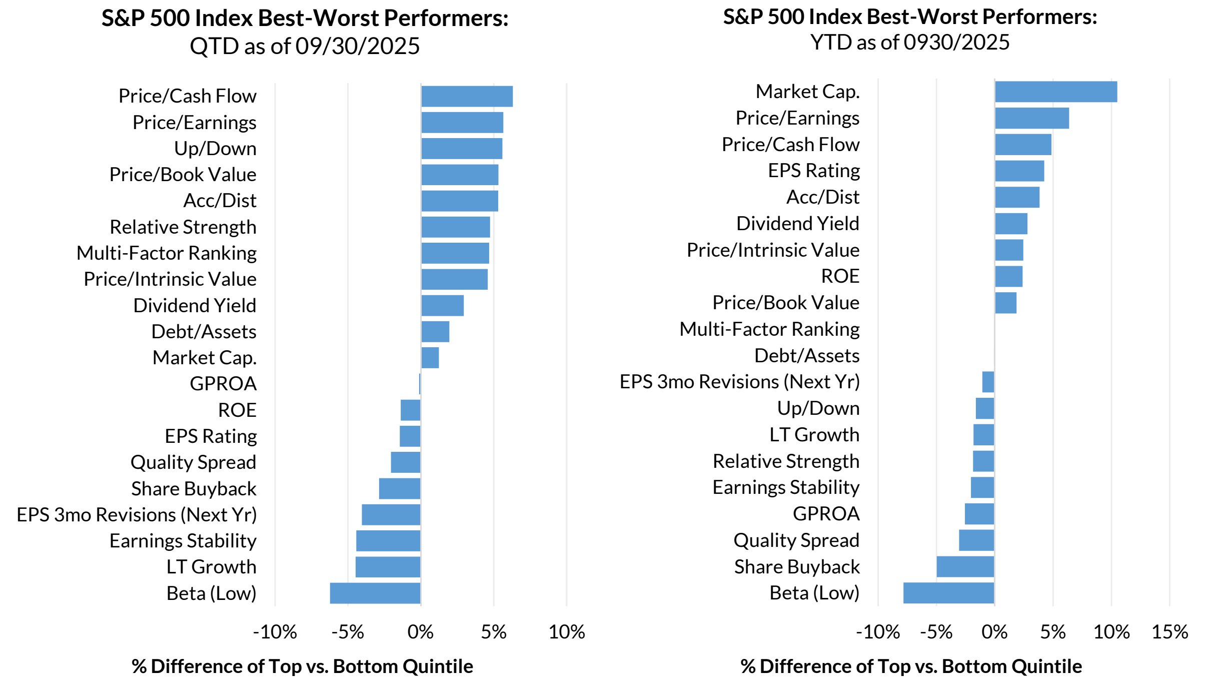
** Annualized Total Returns. Please refer to the attached Performance Disclosure for further information*

Performance Review

Our Intrinsic Value Opportunity strategy performed slightly ahead of the Russell 1000 Value and lagged the S&P 500 in the third quarter. We remain ahead of both indices year-to-date. There has been no shortage of political or geopolitical events over the past few months, however the disruptions that many feared would prevail as a result of various policy actions have simply not come to bear. As a result, US markets finished the quarter at new all-time highs.

Last quarter we wrote about the messaging from the market and that despite seemingly rising tensions on a number of fronts, global equity markets continued to march to new all time highs which affirmed that the bull market remained intact. That message continued to ring loud and clear in the third quarter, both at the index level as we traced out new highs and below the surface as leadership has a more cyclical flavor to it. The common narrative as we exited the first half seemed to center around worries that trade friction and tariffs would pressure either inflation (higher) or corporate margins (lower) and that the Fed would continue to sit on their hands. So why have these concerns not materialized? Recession odds in the US remained elevated until tax legislation (OBBB) was passed in July. According to our favorite policy strategist, Dan Clifton at Strategas, the stimulative impact from this piece of legislation essentially neutralized the negative impulse from tariffs which allowed economic forecasts and the broader market to decouple from trade policy. This further boosted an already healthy US consumer, who has benefited from higher assets prices (stock and home prices) and low fixed rate debt. Effective tariff rates (the actual tariff revenue collected as a percent of imports) have also been well below the sticker-shocking stated rates coming out of the administration. While this could mean that the full effect has yet to be felt (there is probably some truth to this), this is more likely being driven by loopholes and exemptions that have been built into trade agreements. This isn't to say that all risk has been taken off the table as trade policy, particularly with China, will likely remain in flux and the labor market numbers set to get released over the next month or so are probably going to be soft. AI spending announcements have been astonishing, but with more investors questioning the circular nature of the funding behind these plans that could lead to some indigestion for the heaviest weights in the US. However, to again echo back to last quarter, the market seems to have moved past the headwinds that arose in 2025 and is focusing more on the tailwinds that should materialize in 2026.

Factor Performance



Source: Bloomberg, William O'Neill + Co. and Todd Asset Management

While the Growth index (Russell 1000 Growth) outperformed the Value index (Russell 1000 Value) by more than +5% this most recent quarter, Value factors interestingly ranked at the top of the list over the past 3 months. This is explained by the historic concentration at the top of the Growth index where the weight of the top three names make up more than 35% and the top ten make up more than 60%! Under the surface, however, participation has broadened and we saw additive performance from most of the metrics that we track. Characteristics that have not been rewarded this quarter, or this year, have been Quality, Share Buybacks and Earnings related measures like Revisions, Growth and Stability. Given the continued enthusiasm around AI and the mega-cap Tech names that are driving investment in this space, it is no surprise that Market Cap has been the top performing factor year-to-date.

Performance Attribution

Our outperformance this quarter was predominantly driven by strong stock selection. The portfolio benefited most from positions in the Consumer Discretionary sector, with additional contributions from Real Estate, Energy, and Industrials. These gains were partially offset by selections in Communication Services, and to a lesser extent, Information Technology, Utilities, and Financials.

IVO's outperformance this quarter was anchored by five key contributors: Expedia, Incyte Corp., General Motors, United Airlines, and Interrepublic Group. Expedia's shares rallied following a robust quarterly report that surpassed both revenue and earnings expectations, along with an upward revision to its full-year sales guidance, reflecting sustained strength across its enterprise and consumer segments. Incyte's stock appreciated on the back of impressive second-quarter results, fueled by strong momentum for its new drug Niktimvo, which alleviated concerns over dependency on its flagship therapy, Jakafi. General Motors regained investor confidence through its renewed strategic focus on autonomous vehicle development for personal transportation, despite a moderated profit outlook for the year. United Airlines leveraged resilient travel demand, supported by management's optimistic commentary pointing to potential upside in profit forecasts. Lastly, Interrepublic Group impressed markets with a significant earnings beat, driven by successful cost-reduction initiatives, bolstered by positive sentiment stemming from its merger with Omnicom and a lucrative new advertising contract with Bayer's Consumer Health division.

The primary detractors this quarter included Paycom Software, DaVita, Adobe, American International Group, and Booking Holdings. While Paycom posted solid financial results, beating revenue and earnings expectations, intensified competition in the HR and payroll software space introduced uncertainty surrounding its long-term outlook. DaVita delivered a sharp earnings beat, driven by disciplined cost control and portfolio optimization, though concerns about meeting sales targets grew amid sluggish treatment growth. Adobe also reported strong quarterly results; however, growing investor apprehension about AI-driven disruptions in its core business tempered enthusiasm. AIG posted favorable quarterly performance but faced margin pressure due to increased claims and underwriting losses. Finally, Booking Holdings produced strong operational results, yet its conservative outlook and cautious guidance prompted investor hesitation.

If you have any questions, please feel free to contact any of us for further information.

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

10/17/2025
S&P 500 – 6,664.01
Russell 1000 Value – 1,995.66

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

INTRINSIC VALUE OPPORTUNITY 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.

Specific stocks discussed are included to help demonstrate the investment process or, as a review of the Composite's 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. The compilation of information contained herein reflects the views and opinions of TAM financial professionals at the time of creation which may change at any time without prior notification. There is no guarantee that any forward-looking opinions will occur.

Todd Asset Management LLC ("TAM") is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The performance presented represents a Composite of fully discretionary accounts invested in 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 securities that are in the least expensive third of the S&P 500 Index using a rules-based process based on financial strength, profitability strength and market acceptance.

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 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®). The Firm has been independently verified for the periods January 1, 2008 through December 31, 2024. 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 Intrinsic Value Opportunity Composite has been examined for the periods January 1, 2011 through December 31, 2024. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To receive additional information regarding TAM, including a GIPS Composite Report for the strategy presented, contact Monica Slyter at 1-888-544-8633, or write Todd Asset Management LLC, 101 South Fifth Street, Suite 3100, Louisville, Kentucky 40202, or mslyter@toddasset.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%. 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. The volatility of the index and a client account will not be the same.

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.

Risks – Investments involve varying degrees of risk, and there can be no assurance that this product is suitable for your investment portfolio. The Opportunity product is designed for long-term investors who are willing to accept short-term price fluctuations. Stock market and business risks are general risks. This product generally holds 30 securities and is rebalanced every 3 months, thus it is more concentrated and may generate more investment turnover than other products. It is not required to be diversified by sector, and should be considered a more sector concentrated, aggressive application of the price to intrinsic value investment philosophy. There are times the overall market may not favor value-style investing, and it is possible the intrinsic value of the underlying stocks may never be realized.

At acceptance, TAM will provide all clients with a copy of our current Form ADV, Part 2A ("Disclosure Brochure"), Form ADV Part 2Bs, which are the Brochure Supplements for each advisory person supporting a particular client, and, if an individual investor, the Form ADV Part 3 (client Relationship Summary or Form CRS). You may also obtain a copy of these disclosures on the SEC website at http://adviserinfo.sec.gov.