TODD
Asset Management

January 21, 2026
Intrinsic Value Team
Todd Asset Management

Todd Q4 2025 Large Cap Intrinsic Value Review

	4Q 2025	YTD	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	4.49%	19.41%	17.55%	14.08%	15.63%	12.87%
Large Cap Intrinsic Value (Net)	4.34%	18.72%	16.87%	13.41%	14.95%	12.21%
S&P 500	2.66%	17.88%	23.01%	14.42%	17.29%	14.82%
Russell 1000 Value	3.81%	15.91%	13.90%	11.33%	12.10%	10.53%

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

Performance Review

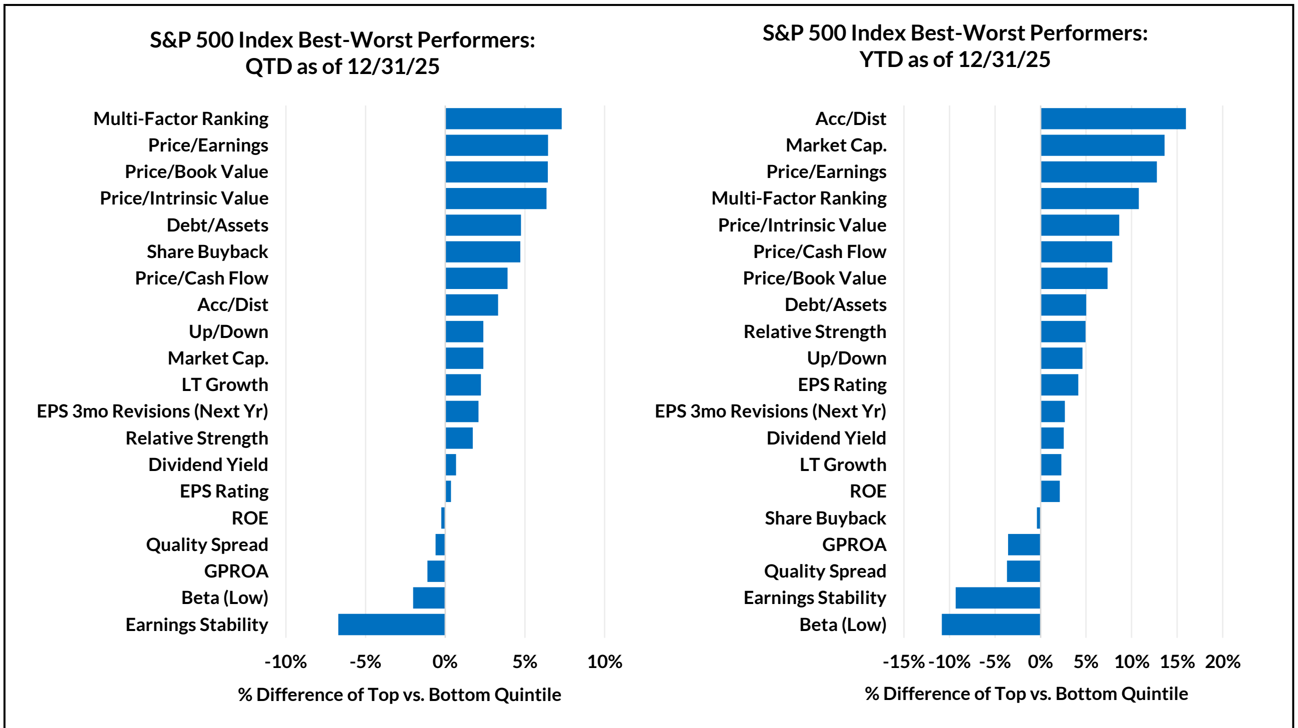
The Large Cap Intrinsic Value (LCIV) strategy finished the year on a strong note, outperforming both the S&P 500 and Russell 1000 Value for the fourth quarter and full year. Despite the narrative this year being dominated by tariffs and the AI arms race, our discipline remained on solid footing. Dynamics within the mega-cap Tech space have evolved over the past few months (more on this later), however the market has maintained a more pro-cyclical leadership profile when looking at the industry groups that drove the fourth quarter. Policy support for the US consumer is expected to be robust in the first half of 2026 and our LCIV strategy is well positioned in areas that we believe should continue to benefit from this support.

Growth-oriented indices, such as the NASDAQ, consolidated in late 2025 as AI competition intensified. Google's launch of Gemini—powered by its proprietary Tensor Processing Units (TPUs)—redefined the leadership landscape for AI assistants, while Meta's subsequent multi-billion dollar agreement to purchase Google TPUs signaled a strategic diversification away from Nvidia's GPU dominance. Crucially, this proves that frontier-level AI models can thrive outside the OpenAI/Nvidia ecosystem. While this challenge to the prevailing narrative led many hyperscalers to trade lower into year-end, it renewed interest in the broader hardware space within Tech.

Our strategy remains focused on the infrastructure of this transition—semiconductors, networking, and the server/PC recovery—which should continue to benefit from broad-based spending trends even as returns for the largest tech names normalize. This technological resilience aligns with our pro-cyclical positioning. The magnitude of the fiscal impulse arriving in 2026 via the latest tax bill is hard to overstate; with several hundred billion in consumer tax refunds and business tax cuts, economists are expecting a significant growth tailwind in the first half of the year. Complemented by a reset in global supply chains and a reacceleration in manufacturing activity, these trends should continue to benefit our holdings across the Financials, Discretionary, and Industrial sectors. While "hope" is indeed a poor business model, the broadening of market leadership outside of the Mag 7 recently creates a compelling environment as we enter 2026.

We would be remiss not to temper our enthusiasm some as we are entering a midterm election year – a cycle which historically is a grind with elevated levels of volatility and market consolidation. The current environment contrasts sharply from the widespread pessimism this past spring. At the time, you didn't have to look far to find a bear. While sentiment today isn't stretched, only two of the 30 market strategists in Bloomberg have 2026 price targets on the S&P 500 that are below 7000. Health Care is a sector that we've increased exposure to over the past year (now our second largest overweight against the S&P 500), particularly outside of the managed care space. While this is the result of company specific drivers, the shift provides a defensive anchor as we navigate the year ahead.

Factor Performance



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

Our Multi-Factor Ranking model was the top performing measure in the fourth quarter and a top performer this past year as most of the components to the Multi-Factor has been working well. This has certainly been a partial driver behind the strategy's outperformance of both the S&P 500 and Russell 1000 Value in 2025. Value factors in general also led the way in the most recent quarter and performed well for the full year. Shareholder returns, Market Cap and several Technical metrics were also generally additive in the quarter. Quality related metrics were generally out of favor for the quarter and full year. The markets have been unabashedly pro-cyclical since the lows we saw in early April, which would explain the more risk-on stance that left Quality metrics like Low Beta and Earnings Stability to underperform.

Performance Attribution

Against the S&P 500, stock selection was responsible for all of our outperformance for the full year as our underweight position in Technology and Communication Services were both headwinds. Selection within Health Care, Discretionary and Industrials were our largest drivers of returns. Our Health Care providers, distributors and biopharmaceutical companies generally performed very well in the back half of the year after the passage of the tax bill and clarity around drug pricing initiatives cleared the way for these groups. Our Discretionary names also largely benefited from the relief of policy/tariff related uncertainty. Within Industrials it was a combination of AI capex that flowed into beneficiaries from power generation demand, rising geopolitical tensions that lifted defense contractors and a more general recovery in the manufacturing sector that drove returns. On the negative side, Communication Services, Financials and our underweight position in Technology were the main detractors for the year. The major telecom names, like AT&T and Verizon, have been weak on intensifying competition for subscribers which is likely to drive up investment in the near term. Within Financials, while the banks performed well, our non-bank Financials faced various challenges. Against the Russell 1000 Value, the drivers were largely the same though Technology acted more as a tailwind than a headwind given the much lower weight the sector carries in the Value index.

Quarterly outperformance against the S&P 500 was also mostly driven by stock selection, though sector allocation was also additive. Our biggest drivers were Technology, Health Care, Materials and Financials. Within Technology, it was a combination of companies that continue to benefit from the AI demand trend as well as several holdings that have had more challenging narratives that investors have returned to as visibility has improved. Our Materials holdings generally benefitted from more firm industrial commodity prices and Financials were led by the Banks and Asset Managers. Consumer Staples, Communication Services and Consumer Discretionary were the biggest detractors in the quarter. Staples have been one of the weakest groups in the market this year and both of our Staples holdings (Altria and Kroger) underperformed. We have several names in Discretionary that are seeing rising expenses due to inventory costs or restructuring. The headwind in Communication Services was mostly due to our underweight position.

Against the Russell 1000 Value, our performance drivers were again largely the same as expressed against the S&P 500. Technology was the main difference and served as our largest detractor with the underperformance of Oracle and Dell Technologies weighing on the sector's impact toward performance.

Our top five performers for the quarter were Teva Pharmaceutical, Cummins, Cognizant Technology Solutions, First Solar and Rio Tinto. Shares of Teva Pharmaceutical rose sharply in November after providing clarity on government pricing negotiations related to Austedo (which treats involuntary movements related to some diseases). While this had been a major headwind for shares earlier in the year, the price concession ultimately came in line with expectations and allowed management to reiterate their sales targets for the drug. Cummins made it into our top five performers for the second straight quarter after posting another strong set of results in early November. Sales in their Power Systems/Distribution businesses continue to be a highlight as their backup power generators remain in very high demand from data centers. Cognizant saw shares inflect higher last quarter after reporting solid results and showcasing their ability to book large deals, a dynamic that helped to alleviate general concerns around IT service consultants. The company has pivoted their focus to be an "AI builder" and looks as though its efforts are finally starting to bear fruit. First Solar is another name to make it onto our top five list in both the third and fourth quarters. Sentiment around the company continued to improve after the passage of the tax bill earlier this year that retained several important tax credits that First Solar benefits from. Additional tailwinds from the buildout of Datacenters and the ancillary power agreements around them further boosted shares in December. Rounding out the top five is Rio Tinto, primarily a miner of industrial metals. Miners have seen shares inflect higher in the past few months after trading sideways for several years as global commodity prices have stabilized with copper and aluminum prices all finishing the year at multi-year highs.

Our bottom five performers were Fiserv, United Rentals, Oracle, AutoZone and Dell Technologies. Shares of Fiserv had already been under pressure due to weakness in their Clover (point-of-sale) business. The management team completely reset expectations on the quarterly earnings call and lowered earnings guidance for next year by -30% as they adjust their strategy. We subsequently eliminated Fiserv from the portfolio due to a lack of visibility. United Rentals posted results in October that saw margin pressure as the company repositions their fleet to accommodate ramping activity from mega-projects. While these headwinds are likely to be temporary, expectations haven't convincingly turned yet. Oracle shares have been volatile in the back half of the year, more than erasing the sharp returns from September after reporting a massive backlog that totaled more than $450B. Investors started to question rising debt issuance and returns on the large amount of investment announcements. AutoZone also experienced weakness following the release of their quarterly results as margins are being pressured by rising product costs and other competitive dynamics in the auto parts industry which are weighing on earnings expectations. Finally, Dell Technologies saw shares decline in November and December as the short supply of memory chips has significantly weighed on margins for personal computers and AI servers.

We are always available via email or phone and welcome your calls. If you have any questions, please feel free to contact any of us for further information.

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01/20/26
S&P 500 – 6,796.86
Russell 1000 Value – 2,124.96

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 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 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. The minimum account size for this Composite is $1 million.

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 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 Large Cap intrinsic Value 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 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. 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 or profitable for your investment portfolio. The LCIV product is designed for long-term investors, who are willing to accept short-term market price fluctuations. Stock market and business risks are general risks associated with the product. 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.