TODD
Asset Management

April 17, 2024
Intrinsic Value Team
Todd Asset Management

Todd Q1 2024 Global Intrinsic Value Equity Income Review

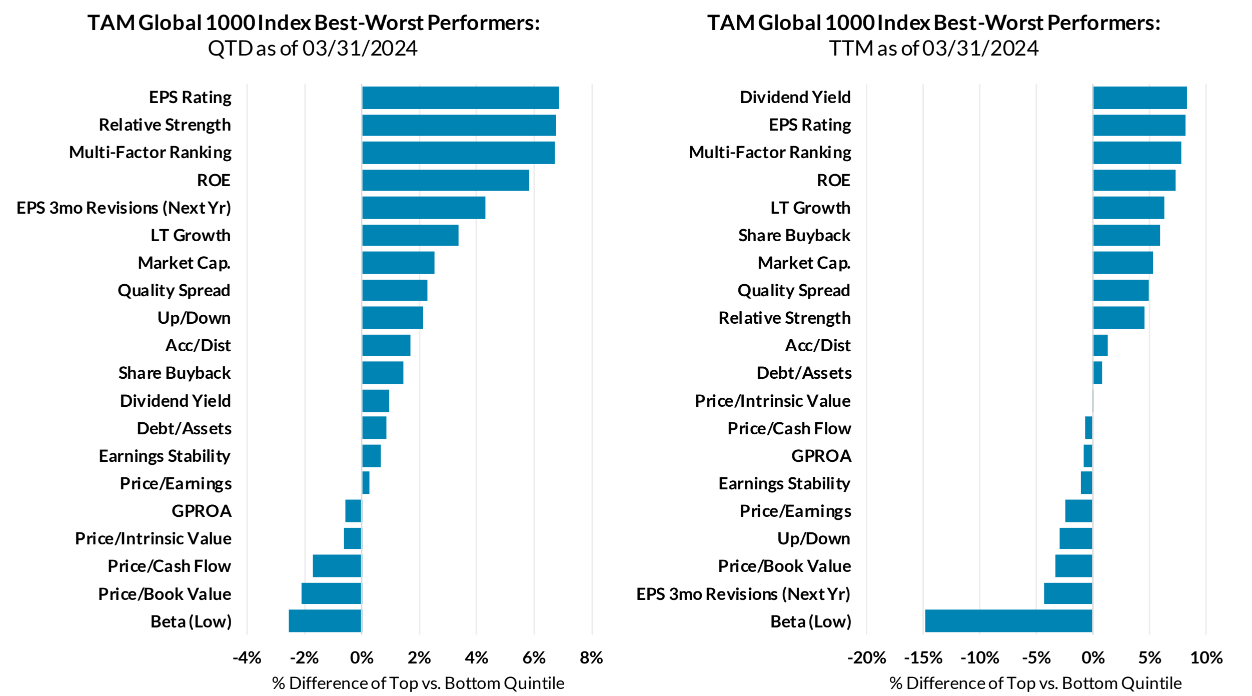
	1Q2024	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
GIVEI (Gross)	6.92%	15.17%	8.37%	7.42%	7.05%	6.54%
(Net)	6.76%	14.49%	7.73%	6.79%	6.41%	5.91%
MSCI ACWI (Net)	8.20%	23.22%	6.96%	10.91%	10.23%	8.66%
MSCI ACWI Value (Net)	6.85%	18.01%	6.67%	7.64%	6.93%	5.98%

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

Our GIVEI strategy underperformed the MSCI ACWI (Net) index and is approximately in-line with the MSCI ACWI Value (Net) index for the quarter. The strong growth orientation and the narrow market in the US made for difficult comparisons versus the global indexes. The current yield at the end of the quarter was 5.3% versus the ACWI yield of 1.9%.

Much attention has been paid to the evolving stances of global central banks (and rightfully so) as inflation moves closer to target in most regions and has allowed for policy to recalibrate toward less restrictive levels. Europe remains on track to cut rates in June while Japan officially exited their negative interest policy in March. (The Bank of Japan technically raised rates, but this was still a move toward normalization given the odd impact of negative interest rates.) Inflation has been less cooperative in the US coming in higher than expected for several months, which makes the case for rate cuts difficult at this time. However, as we've pointed out over the past few quarters, the powerful undertow of the global manufacturing cycle has been moving under the surface as well and is further supporting economic growth expectations and risk assets. JPMorgan's Global Manufacturing PMI bottomed last summer and moved back into expansionary territory this past quarter. Dr. Copper, as the industrial metal is affectionately called in the investment circles for having a "PhD in Economics", also seems to be confirming this continued recovery in global manufacturing activity after trending higher over the past few quarters. South Korean exports are another barometer of global growth that have turned higher recently. Could this be the start of the secular bull, which has been persistent in the US since 2013, going global? Time will tell, but the trends and themes we've highlighted in the past few letters (new capital spending cycle, reshoring, new technology innovation, capital discipline in Energy, Financial earnings reset, etc.) all look like they're being rewarded in the current market environment and have room to run.

Factor Performance[1]



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

Our factor work showed further broadening in the first quarter as 15 of the 20 metrics we follow were additive. This compares to only 7 that worked in 2023. The preference in the quarter was geared toward both earnings and price momentum (e.g. Relative Strength and EPS Rating). Other Large cap and Quality metrics also outperformed. Value lagged Growth in the 1st quarter and Dividend Yield was barely additive. Our Multi-Factor Ranking was among the top performing metrics in the quarter and over the past 12 months.

Performance Attribution

The underperformance in the first quarter was driven by sector allocation. This was primarily due to our underweight in Technology and overweight in Materials. Our stock selection in Financials and Energy were additive to performance. From a regional perspective, our stock selection in the US accounted for all the underperformance during the quarter.

We remain overweight Energy, Financials and Materials. We also remain underweight Consumer Discretionary, Technology and Industrials. Among regions, we are overweight Europe, Canada and the United Kingdom. We are underweight Emerging Markets, the US and Japan. Given the global focus of this strategy, we can find income outside of traditional high yielding US sectors (i.e. Consumer Staples, Utilities, REITs, etc.).

Our top five contributors to performance during the quarter were Lincoln National, Abbvie, IBM Corp, Oneok and Exxon Mobile. Lincoln National held a series of investor meetings where they communicated improvement in their balance sheet along with strategic initiatives. Abbvie announce a strong Q4 earnings report and raised guidance. IBM also reported a strong fourth quarter with tremendous build up in free cash flow. A connection to the AI hype also played a role. Oneok continues executing on its capital allocation strategy and synergies allowing it to generate strong free cash flow. Exxon benefited from a strong 4th quarter earnings report as well as a $15 increase in the price of crude oil.

Our worst five detractors from performance during the quarter were Lenovo Group, Gilead, Philip Morris, 3M Corp and Pfizer. Lenovo's weakness resulted from concerns over a slower PC end market. Gilead had one of its lung cancer drugs (Trodelvy) miss its endpoint in a trial. Both Philip Morris and 3M Corp missed their 4th quarters on lower volumes and lowered their 2024 outlook. Pfizer is still suffering from its Covid vaccine hangover while experiencing several pipeline setbacks.

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.

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

04/17/2024
MSCI ACWI (Net) – 403
MSCI ACWI Value (Net) –328

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.

1. The TAM Global 1000 index is a combination of the 500 largest US listed international companies by market cap and the S&P 500. This list is used for factor analysis where the index is ranked/sorted by a certain factor then divided into quintiles. Returns are then calculated on a monthly basis for each quintile.

TODD ASSET MANAGEMENT LLC

GLOBAL INTRINSIC VALUE EQUITY INCOME 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 may reflect 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 a diversified portfolio of attractively valued domestic and international equity securities with a goal to seek dividend income along with growth of that income and capital appreciation. The international securities are internationally domiciled, US traded equity securities.

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 Global Intrinsic Value Equity Income Composite contains fully discretionary, taxable, and tax-exempt accounts that use the MSCI ACWI Index as the benchmark. The Composite does not include accounts with social restrictions. 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, 2023. 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 Global Intrinsic Value Equity Income Composite has been examined for the periods January 1, 2011 through December 31, 2023. 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 0.60% 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 benchmark. The index is unmanaged, and not available for direct investment; it includes reinvestment of dividends; it does not reflect management fees or transaction costs. The volatility of the index and a client account will not be the same.

MSCI ACWI (net) Index is a float-adjusted market capitalization index that is designed to measure the equity market performance of developed and emerging markets. The net index considers the impact of tax withholdings on dividend income.

MSCI ACWI Value (net) Index is a float-adjusted index of securities exhibiting overall value style characteristics across both developed and emerging markets. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. The net index considers the impact of tax withholdings on dividend income.

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 GIVEI product is designed for long-term investors looking for dividend yield who are willing to accept short-term market price fluctuations. There are general and market risks involved in this product. There is no guarantee that the companies invested in will declare dividends in the future, or that the dividends declared will remain at current levels or increase over time. As a global product, risks of ownership in a foreign security (ADR, or similar securities) include political instability, confiscation of property, reduced legal protection, market liquidity, and adverse changes in currency exchange rates. Investing in emerging market securities can magnify these risks due to their smaller economies. This strategy may result in a portfolio with concentration in economic sectors, as sector diversification is not part of the strategy guidelines. There are times the overall market may not favor value-style investing, and/or stocks with higher dividends, and it is possible the intrinsic value of the underlying stocks may never be realized.