January 19, 2024
Jack White, CFA
Todd Asset Management

After the Pivot Party

TAM US Q4 2023 Review and Outlook Chartbook

	4Q 2023	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
S&P 500	11.69%	26.28%	26.28%	10.00%	15.68%	13.41%	12.03%
Russell 1000 Value	9.50%	11.47%	11.47%	8.86%	10.91%	8.32%	8.40%

** Annualized Total Returns.*

The best description we heard for Q4 23 was as a "Pivot Party". Anticipation of the pivot while avoiding recession is why stocks acted better all year. As we look forward, we continue to believe a recession is unlikely, and interest rate sensitive sectors may benefit from the recent decline in long term interest rates. Other thoughts we are sharing with our clients include:

- **Central Banks pivoted in Q4, after higher rates slowed interest rate sensitive sectors and services spending held up. Markets held a party**. As investors got comfortable a soft landing was achievable and the fed indicated they are on pause, stocks worldwide rallied, and bond yields declined dramatically.
- **Markets are broadening out as investors get comfortable that a recession is not imminent.** The Russell 2000 small cap index has outperformed the S&P 500 by over 5% after rates peaked in October. We think the broadening has much further to go and should benefit the 493 non-Magnificent S&P stocks.
- **Election years are usually pretty good, especially when there is an incumbent running**. We suspect President Biden will do everything he can to continue stimulative policies. More politics is afoot though: early 2024 could see a hangover from the pivot party as budget deals, government shutdowns, treasury auctions and the election primaries cause concerns.
- **Markets are acting more like it is early in the economic cycle than late,** with small cap indexes and early cycle groups rallying recently. Lower rates suggest interest sensitive components of GDP should recover. Earnings are also bottoming and should recover. This should support our names that benefit from the new capital spending cycle and continued broadening of the market from the recent narrow leadership.

Higher rates prompted weaker GDP from rate sensitive areas like manufacturing, Capex and housing. These (and other factors) contributed to an earnings recession. Earnings and activity are now recovering. Expect markets to broaden as earnings growth spreads. Services growth slowed, but continued as consumers would not deny themselves after Covid. This should continue. Themes we continue to like include market rotation to cheaper companies with renewed growth (lower multiple stocks), beneficiaries of Technology Application (like AI), Oil company capital discipline, Commodities secular recovery, Financials earnings reset being complete and a new capital spending cycle for infrastructure, energy, green initiatives, supply chains and defense.

Net Annualized Returns (%)

All Periods Ending 12/31/2023

TODD Asset Management

Inception Date: January 1, 1981

	QTD	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.
Large Cap Intrinsic Value *(Gross)*	10.54	14.12	14.12	10.72	14.19	11.36	10.13
Large Cap Intrinsic Value *(Net)*	**10.38**	**13.45**	**13.45**	**10.06**	**13.52**	**10.71**	**9.48**
Russell 1000 Value	9.50	11.47	11.47	8.86	10.91	8.32	8.40
LCIV Net Excess Return	0.88	1.98	1.98	1.20	2.61	2.39	1.08
S&P 500	11.69	26.28	26.28	10.00	15.68	13.41	12.03
LCIV Net Excess Return	-1.31	-12.83	-12.83	0.06	-2.16	-2.70	-2.55

Data Source: Todd Asset Management, Standard and Poor's® and Russell® Indexes. QTD and YTD returns are not annualized. Past performance does not provide any guarantee of future performance, and one should not rely on the composite as an indication of future performance. There is no guarantee that this investment strategy will work under all market conditions. Refer to the Performance Disclosure and Additional Disclosures for more information on the performance numbers and benchmark data presented. These notes are an integral part of this chart and should not be reproduced or duplicated without these notes.

Gross Annualized Returns (%)

All Periods Ending 12/31/2023

TODD Asset Management

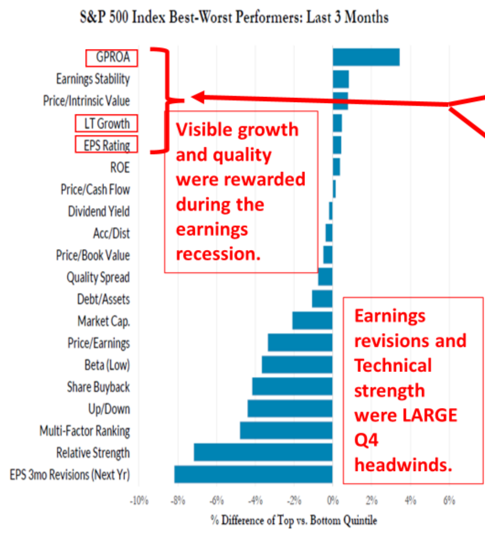
Inception Date: January 1, 1981

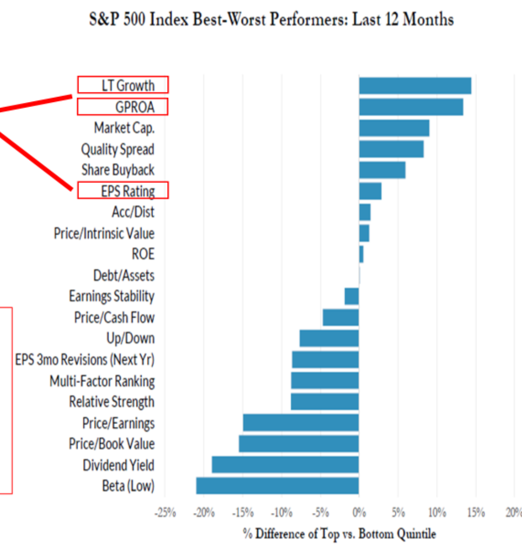
	QTD	YTD	1 Yr.	3 Yrs.	5 Yrs.	7 Yrs.	10 Yrs.
Large Cap Intrinsic Value *(Gross)*	**10.54**	**14.12**	**14.12**	**10.72**	**14.19**	**11.36**	**10.13**
Large Cap Intrinsic Value *(Net)*	10.38	13.45	13.45	10.06	13.52	10.71	9.48
Russell 1000 Value	9.50	11.47	11.47	8.86	10.91	8.32	8.40
LCIV Gross Excess Return	1.04	2.65	2.65	1.86	3.28	3.04	1.73
S&P 500	11.69	26.28	26.28	10.00	15.68	13.41	12.03
LCIV Gross Excess Return	-1.15	-12.16	-12.16	0.72	-1.49	-2.05	-1.90

Data Source: Todd Asset Management, Standard and Poor's® and Russell® Indexes. QTD and YTD returns are not annualized. Past performance does not provide any guarantee of future performance, and one should not rely on the composite as an indication of future performance. There is no guarantee that this investment strategy will work under all market conditions. Refer to the Performance Disclosure and Additional Disclosures for more information on the performance numbers and benchmark data presented. These notes are an integral part of this chart and should not be reproduced or duplicated without these notes.

Domestic Factor Analysis- Investors favored Quality Growth

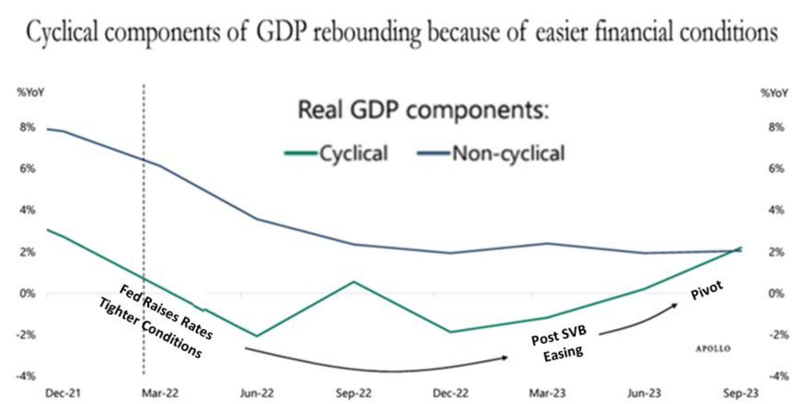
As of 12/31/2023





Data Source: Bloomberg, William O'Neill & Co. and TAM. The noted 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.

Interest Sensitive Sectors are Exiting a 2023 Recession.



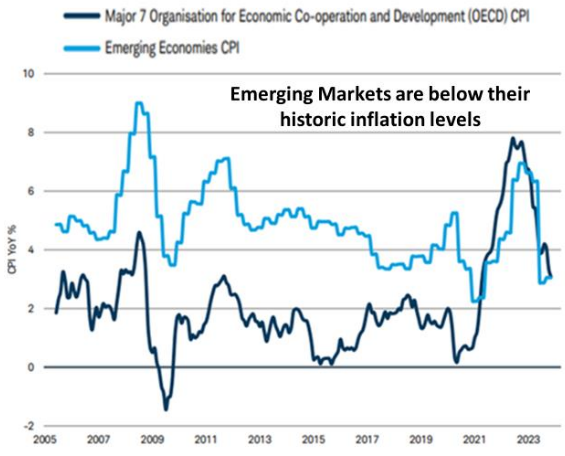
- Rate sensitive GDP components contracted through Q3 23… they're rebounding.
- Service sector components slowed, but Post covid demand remains positive.
- Expect lower rates to prompt better recovery in rate sensitive components.

Source: Apollo Group 1-11-24

Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Inflation is Rolling Over Globally

Global inflation



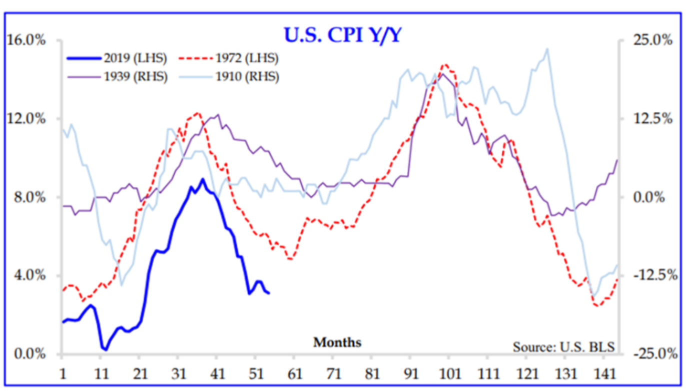
Consumer Price Index year-over-year %	
Russia	7.5
India	5.6
Brazil	4.7
United Kingdom	3.9
France	3.5
South Korea	3.3
Germany	3.2
United States	3.1
Canada	3.1
Japan	2.8
Eurozone	2.4
Italy	0.7
China	-0.5

Source: Charles Schwab, Bloomberg as of 12/31/2023. Major 7 refers to the seven major countries as defined by the OECD: Canada, the U.S., Japan, France, Germany, Italy, and the U.K.
Past performance is no guarantee of future results.

Source: Charles Schwab Q1 24 Chartbook
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Inflation Comes in Waves

U.S. (& GLOBAL) INFL. HAS HISTORICALLY COME IN WAVES

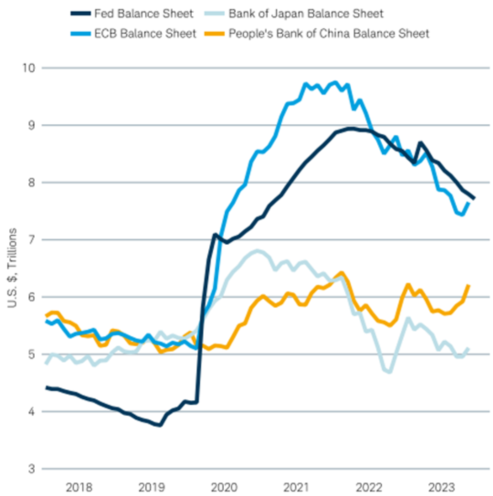


- History shows that Inflation almost never comes as a single wave.
- If easier financial conditions cause economic reacceleration, anticipation of Fed cuts may be overblown.

Source: Strategas Research Partners Quarterly Review in Charts 1-3-24
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Central Banks have Become Sellers of Bonds

Central Banks Downsizing Balance Sheets

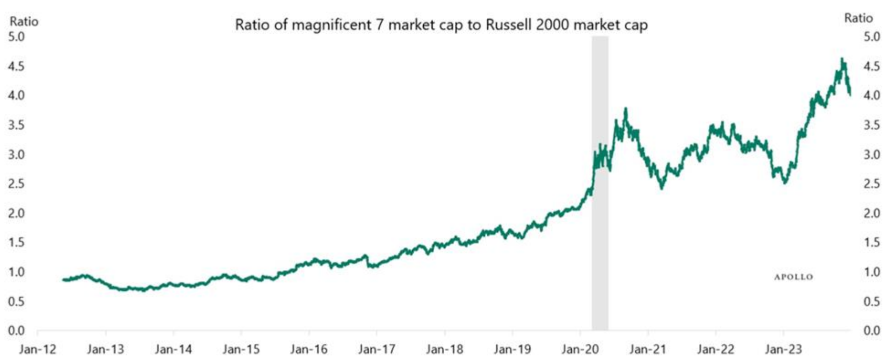


- **<u>Large buyers of bonds have become sellers</u>**. Central banks purchased pandemic bonds to support government spending. Now that is reversing.
- Long term interest rates are being pressured upward by a <u>lack of demand, and increased supply</u> to fund the new capital programs. Rates have dropped recently, but we view that as a cyclical downturn in a secular uptrend.

Source: Charles Schwab Q1 24 Charts
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Another View of the Magnificent 7[1]

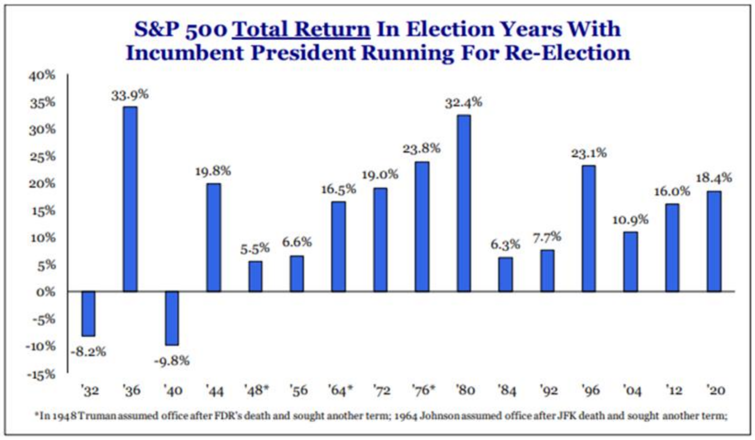
Market cap of the Magnificent Seven is four times that of Russell 2000



- Extreme bifurcation is near record levels in markets, the big 7 versus all others.
- Mag 7 EPS growth was better than small caps during the EPS recession.
- As earnings recover for the rest of the market, performance broadening should follow.

Source: Apollo Global 1-9-24
1. Magnificent 7 refers to seven of the largest companies in the S&P 500: Apple, Microsoft, Nvidia, Amazon, Alphabet, Meta and Tesla.
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

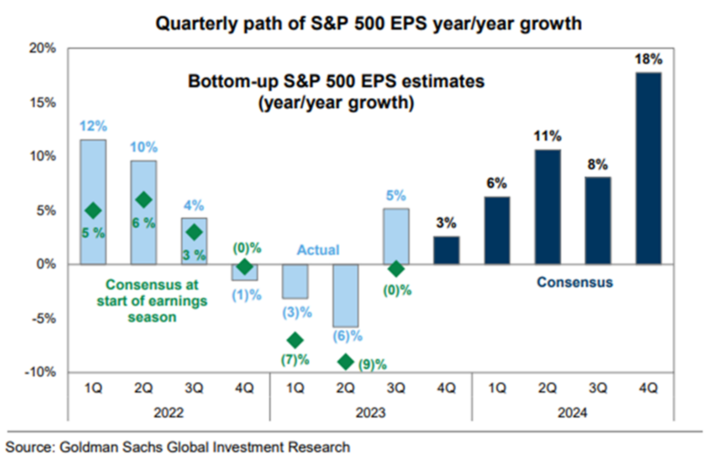
Incumbent Presidential Election Years are Usually Positive



- Since 1944, incumbent presidential election years have shown gains.
- Incumbents juice up the economy any way they can. **Recession unlikely.**

Source: Strategas Research Partners Washington Policy Outlook 1-8-24
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

S&P EPS Growth is Resuming and Should Strengthen



- S&P earnings should show better growth in 2024 after tough 2023 comps.
- Magnificent 7 earnings grew well when most others did not in 2023. As earnings growth spreads out, more stocks should do well.

Source: Goldman Sachs Q4 23 EPS Preview
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Theme- Industrial Reshoring is Growing

TODD Asset Management

Reshoring + FDI Job Announcements by Year, 2010 - 2023 Projected

*Indicates full-year projection from 1H data

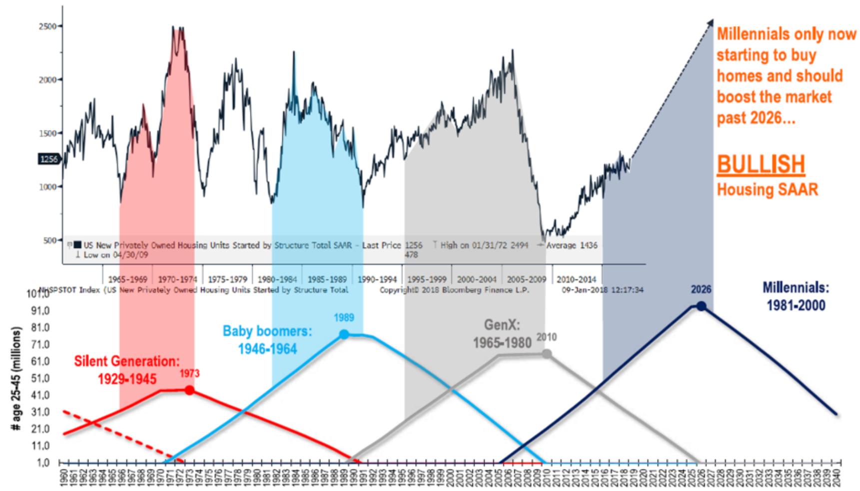
- Since the 2019 trade tariffs, reshoring and foreign direct investment job announcements have quadrupled.
- Post Covid industrial policy should continue to support this trend.

Source: Reshoring Initiative 1H 2023 Report
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Theme- Housing Supported by Demographics

TODD Asset Management

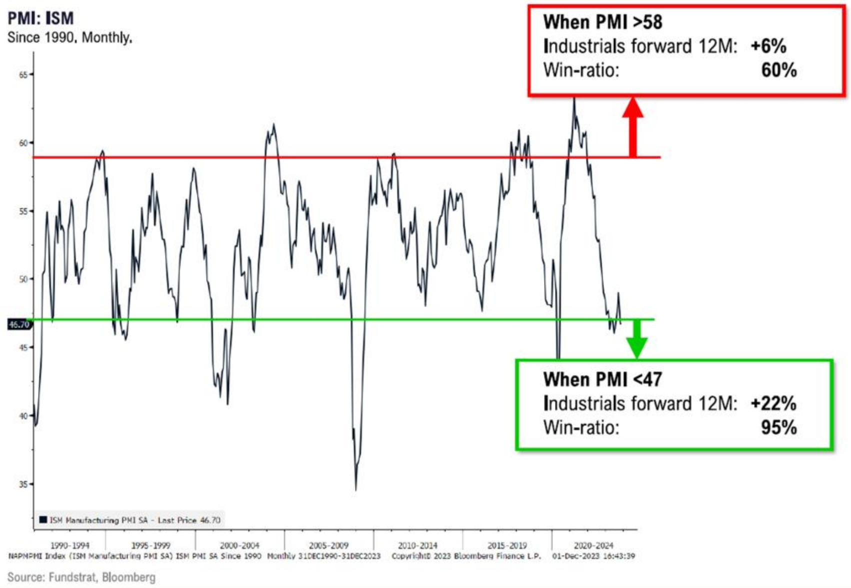
Housing starts and comparative size of generations age 25-45. Starts reported in thousands.
Since 1960



Source: Fundstrat, Bloomberg, Factset

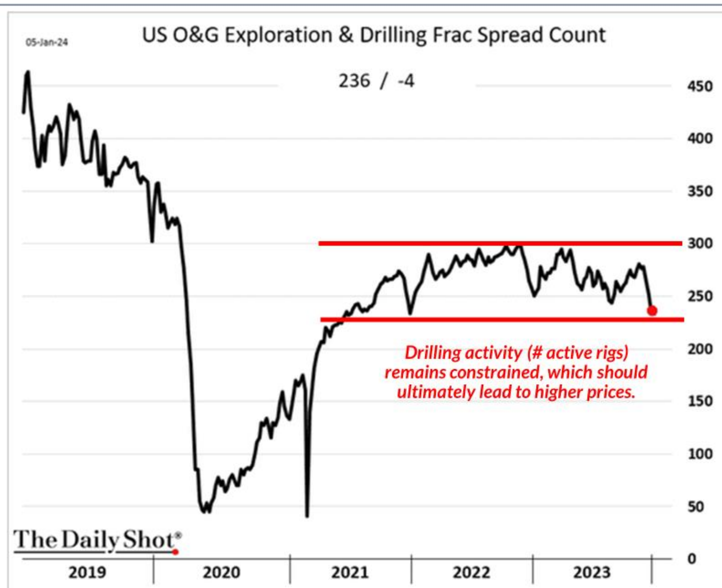
Source: Fundstrat 2024 outlook 12-7-23
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Theme- Industrials Rebound After Bottoming PMIs



Source: Fundstrat 2024 outlook 12-7-23
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Theme- Oil and Gas Drilling- Rangebound Since '21



Source: Daily Shot 1-5-24
Commentary may contain subjective judgements and assumptions subject to change without notice. Commentary is based on information as of the date of this presentation. There can be no assurance that developments will transpire as forecast.

Last year will be remembered for how wrong most forecasters were. We never saw the much-anticipated recession, markets did not collapse, and Inflation subsided. This is not to say things were perfect. **We experienced a very narrow market** where most stocks did not participate in any upside until late in the year. Geopolitics soured. Also, the increases in rates did negatively impact most interest rate sensitive businesses, like housing, consumer and corporate durables spending and investment businesses. As we look forward, **investors may be too optimistic about how aggressively central banks cut rates** or the prospects of inflation continuing to decline. Despite this, we expect that **earnings will rebound, and economic growth should remain resilient**. While markets are starting off the year by consolidating, **we expect better performance after this consolidation**. With so many elections coming this year, parties in power globally will be seeking to improve growth to better their chances of staying in power. As earnings growth spreads more broadly through markets, we expect performance should as well. ***<u>Don't be surprised if this leads to a resumption of the value style and international outperformance as these trends play out.</u>***

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

01/18/2024
S&P 500 – 4,781
Russell 1000 Value –1,600

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 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 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, 2022. 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, 2022. 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. 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. 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.