April 20, 2020
Intrinsic Value Team
Todd Asset Management

Todd Q1 2020 International Intrinsic Value Review

	1Q 2020	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	-26.8	-16.9	-3.4	-2.2	0.8	2.5
(Net)	-26.9	-17.6	-4.2	-3.1	-0.0	1.6
MSCI ACWI ex-US (Net)	-23.4	-15.6	-2.0	-0.6	1.1	2.1
MSCI ACWI ex-US Value (Gross)	-28.5	-23.1	-5.9	-2.9	-0.6	0.8

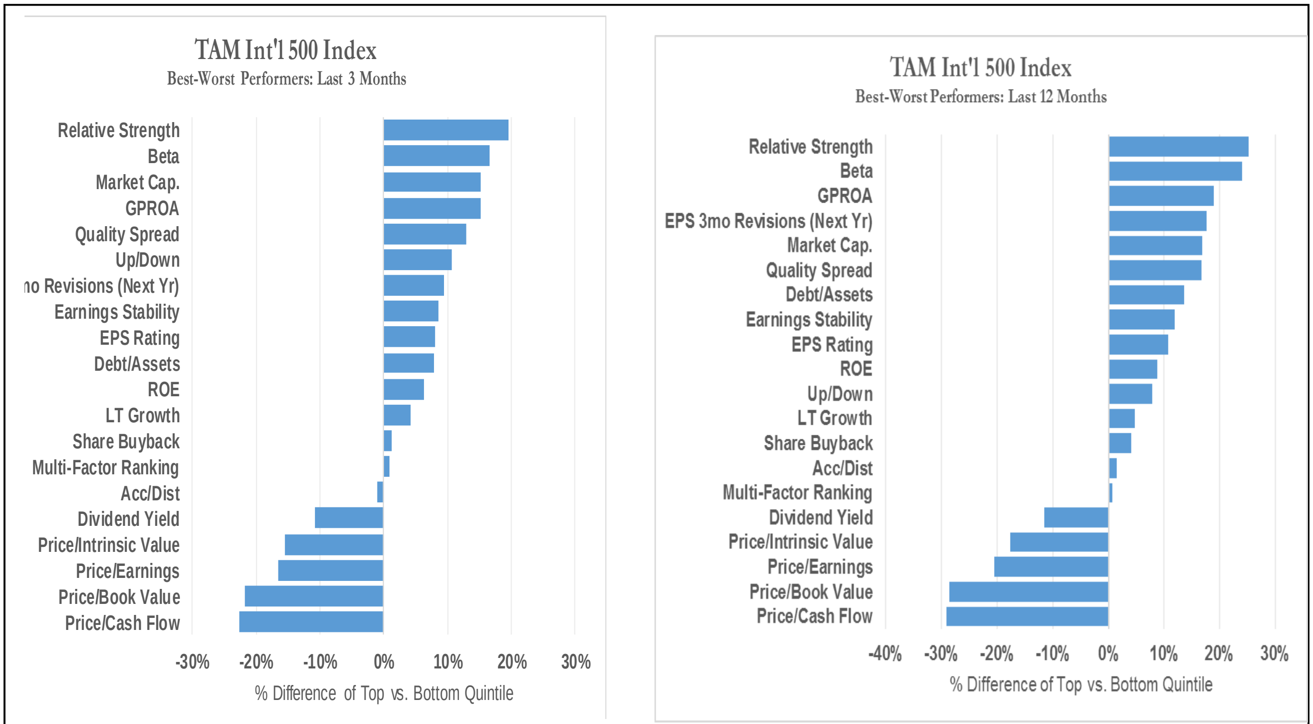
* *Annualized Total Returns. Please refer to the attached Performance Disclosure for further information.*

Performance Review

The IIV strategy modestly underperformed the ACWI ex- US performance during the quarter, while modestly outperforming the ACWI ex-US Value index. There has been a significant anti-value headwind for the past 5 years, as markets have priced in recessions twice before this instance, which never materialized. In the past, the strategy has gone on to recover and outperform the ACWI ex-US after the economic concerns eased. The current recession was a surprise to most investors, gauging from the speed and severity of the decline. The Coronavirus lockdown is prompting the fastest bear market ever and record breaking economic decline. We anticipate it should be followed by a very sharp recovery starting over the next few months, due to the Fiscal and Monetary stimulus being applied. We believe that as the market begins to anticipate that recovery that current results probably represent the low point of our relative performance and the Strategy should be able to recover from the recent underperformance as it has in other instances of recession worries.

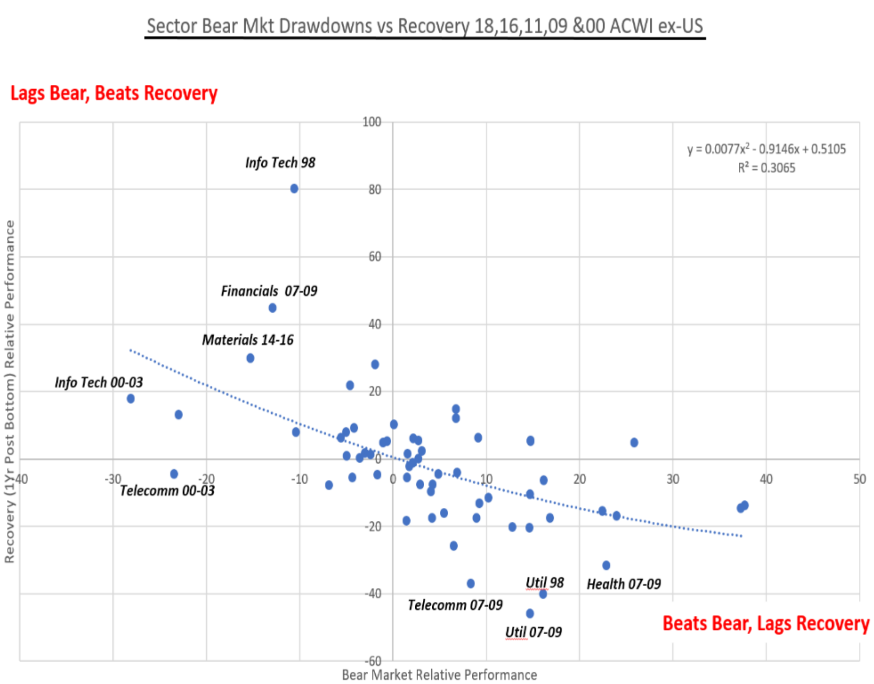
As we entered 2020, our belief was that we were witnessing a reacceleration of global activity from the manufacturing “mini-recession” that coincided with the US/China trade war. Forward looking economic indicators and PMIs were moving higher and the outlook for global growth was improving. That quickly changed as the COVID-19 epidemic in Wuhan turned into a global pandemic that shut down most of the world’s economic activity in March. Our positioning continues to favor more economically sensitive sectors. While this acted as a headwind to performance as economic prospects deteriorated rapidly, we believe these sectors should act as leadership once plans to re-open economies are laid out and we begin to exit this recessionary bear market. We remain overweight Energy, Communications, Industrials and Technology. We remain underweight Consumer Staples, Utilities, Real Estate, Materials and Health Care. Regionally, we are overweight the UK, Emerging Markets and Europe ex-UK. We are underweight Pacific ex-Japan, Japan and Canada.

Factor performance



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

Similar to US markets, the rotation into Value that we witnessed in the 4th quarter of 2019 proved to be short lived as the underperformance of Value internationally in the 1st quarter was as dramatic as we can recall in such a short period of time. Names with Value or shareholder return dynamics suffered as the economy was locked down. Visible growth oriented metrics along with quality led during the quarter. Traditionally, bear markets lead to leadership changes, which we believe should result in a value cycle unfolding.



Source: Bloomberg and TAM

To illustrate this, we prepared the chart to the left. The horizontal axis measures a sector relative performance during bear markets, while the vertical axis measures the sector relative performance over the year following a market bottom. The pattern shows that the worst laggards during a bear market are usually among the best performers over the year following the market bottom, and vice versa. The worst laggards of this bear market have been the traditional value groups, so on this measure, some rotation is likely if we have seen the market bottom.

Stock selection was responsible for most of the underperformance during the quarter. Within sectors, our largest detractors came from Financials, Healthcare, Consumer Discretionary and our overweight position in Energy. Regionally, our European companies accounted for the vast majority of our underperformance. This mainly consisted of European financials and other companies that played a role in the global industrial supply chain. Interestingly (and similar to last year) despite Emerging Markets lagging Developed Markets during the quarter, our stock selection within Emerging Markets was out largest positive driver of returns. This was mainly due to our exposure to Chinese consumer names as their economy started to reopen late in the quarter.

Our top five contributors to performance during the quarter were ZTO Express, Vipshop, Netease, Fujifilm and Joyy. Four of these top 5 performers are Chinese companies, which all saw activity recover during the quarter as China re-opened much of their economy following the initial containment measure to combat the COVID-19 outbreak. The Chinese recovery started to occur just as the rest of the world began to see a sharp rise in contagion and drastic measure were taken to halt this trend. ZTO Express is one of the largest shipping companies in China that is likely seeing its market share gains accelerate as smaller players weren't able to cope with lower shipping volumes. Vipshop is an online marketplace and while logistics were certainly disrupted early in the year, their lack of a physical presence allowed them to weather the country-wide lockdown fairly well. Investors also seemed to look through this transitory headwind as they've refocused their inventory channel toward higher margin discount-apparel. Netease is another company who's online gaming business was able to see minimal disruptions and investors were able to look through to a bring new game pipeline that is set to rollout later this year. Fujifilm shares rose in mid-March as it was reported that one of their experimental drugs was being used to treat COVID-19 patients. Finally, Joyy (much like Vipshop and Netease) has an online video and live-streaming business model that was able to operate without much disruption during the quarter. Their international expansion plans have also remained largely intact and on schedule.

Our worst five detractors from performance during the quarter were Aercap, Lukoil, Carnival, Aptiv and Repsol. Each of these names found themselves at the center of the economic impact from virus containment efforts and the oil price war between Russia and Saudi Arabia. Aercap shares were hit hard as bans on air travel spread across the globe and caused liquidity/solvency issues in the airline industry. Even though Aercap has a young fleet, making it less exposed to capacity reductions, heightened credit risk from their end customers weighed on shares. Energy stocks, which were already under pressure due to slower economic growth prospects, took another leg down after Saudi

Arabia and Russia failed to agree on cutting oil production in early March. This sent Brent oil prices into the low $20's and the prospects of a global supply glut and much lower demand caused shares of Lukoil and Repsol to sell off. Carnival saw shares come under pressure throughout the quarter as travel restrictions intensified and government agencies issued guidance against cruises. This caused solvency to come into question as future bookings dried up. We eliminated Carnival from the portfolio as a result of these issues. Finally, Aptiv saw shares decline as the prospects for auto production deteriorated substantially. As an auto parts supplier, this caused a large hit to earnings estimates for 2020 given auto production plant closures and overall auto demand weakness that is likely to persist for the next few quarters.

We have experienced a fast and deep bear market as the government mandated economic shutdowns will likely lead to record breaking economic declines. Fortunately, governments and central banks have stepped up forcefully and quickly to relieve some of the stresses that will result from mass unemployment and business closures. Not all of the stresses will be alleviated, and we expect that further stimulus programs will be undertaken by governments worldwide. Markets have reacted with strong rallies off of depressed levels, even without having seen most of the negative economic reports arising from the lockdown. Our sense is that now some patience is needed as markets probably need to get some economic information, and clarity on when economies will reopen. We believe economies should start to recover sometime in the third quarter (between July and September) which should mean that the March 23 low is probably the bottom of the market. Given the extraordinary amount of government support globally for the economy, visibility for growth should improve once the economy is reopened. If that is the case, then the recovery should have further to go before year end, and will likely have new value oriented leadership.

Even in a Coronavirus lockdown, we are here to support you. We are 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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04/20/20
MSCI ACWI ex-US (Net) – 240

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
INTERNATIONAL 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 fully discretionary accounts invested primarily in large cap internationally domiciled, US traded equity securities, with the objective to seek capital appreciation. This goal is pursued by investing in a diversified portfolio of these equities which 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 International Intrinsic Value Composite contains fully discretionary, taxable, and tax-exempt accounts that use either the MSCI ACWI ex-US or the MSCI EAFE Index as the benchmark. Prior to April 1, 2010, this composite was known as the International 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, 2019. 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 International Intrinsic Value Composite has been examined for the periods January 1, 2011 through December 31, 2019. 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, gross and net of management fees, and net of transaction costs and foreign withholding taxes, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. Prior to January 2007, the management fee schedule applied to the composite was .60%. 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. As of 12/31/2017, the benchmark was changed to the MSCI ACWI ex-U.S. (net) index, from the MSCI ACWI ex-U.S (gross) index. The ACWI (net) is computed net of foreign taxes withheld on dividends, this is consistent with the composite. As of 6/30/2013, the primary benchmark was changed to the MSCI ACWI ex-US (gross) from the MSCI EAFE. The ACWI better reflects the strategy guidelines with emerging market and Canadian exposure. As of the 6/30/2013 the EAFE was removed from presentations.

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.

MSCI ACWI ex-U.S. (net) Index is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the United States. The ACWI ex-U.S. includes both developed and emerging markets. For investors who benchmark their U.S. and international stocks separately, this index provides a way to monitor international exposure apart from U.S. investments. The Net Index takes into account the impact of foreign tax withholdings on dividend income.

The **MSCI ACWI ex-U.S. Value (gross) Index** captures large and mid-cap securities exhibiting overall value style characteristics across 22 Developed and 26 Emerging Markets countries. 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.

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