Todd Q1 2021 Large Cap Intrinsic Value Review

	1Q 2021	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	13.1%	76.9%	11.9%	15.1%	11.3%	12.3%
(Net)	12.9%	75.9%	11.3%	14.4%	10.6%	11.7%
S&P 500	6.2%	56.3%	16.8%	16.3%	13.6%	13.9%
Russell 1000 Value	11.2%	56.1%	11.0%	11.7%	9.4%	11.0%

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

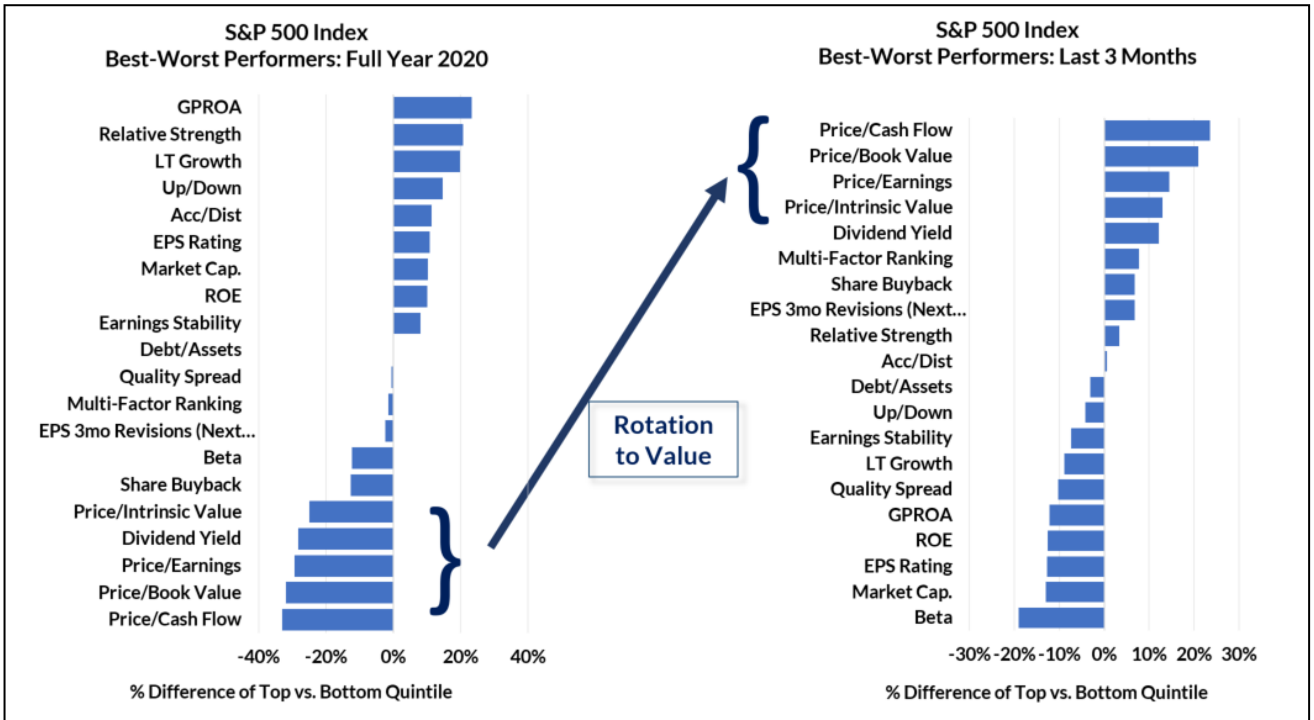
<u>Performance Review</u>

The LCIV (gross) strategy continued to benefit from the rotation that began in November of last year, outperforming the S&P 500 by more than +6.5% and Russell 1000 Value by nearly +2% during the quarter. Our trailing 1 year return, which basically takes you back to the market bottom in March of 2020, is up +76% (gross) and has outperformed both the S&P 500 and Russell 1000 Value by more than +20%.

Economic growth and earnings estimates continued to rise throughout the quarter, fueling the outperformance of Cyclicals and Value over Growth. This increased optimism occurred despite some setbacks overseas as vaccine rollouts were fumbled in Europe. The dramatic rise in interest rates (US 10yr Treasury rose from below 1% at year end to around 1.75% at the end of the quarter) caused some angst for investors, however this was mostly felt by Growth stocks. We welcome this move higher in rates, as does our discipline, as they are currently indicating stronger growth expectations and aren't near levels that have historically been problematic for forward returns. As we've mentioned in past letters, we believe the global economy is still in the early innings of a new economic expansion. These expansions tend to last many years and often mark a longer term inflection point in Value vs. Growth. Sentiment and positioning toward Growth remains lopsided in our view and has much further to unwind. As an example, of the nearly 250 analyst recommendations for the 5 largest names in the S&P 500 (Apple, Microsoft, Amazon, Alphabet and Facebook), only 6 have a Sell rating (both Apple and Facebook have 3 Sell ratings each). This says to us that while performance has certainly broadened out over the past few months, sentiment still has a much longer runway to normalize. As reopening efforts gain more traction, the lagged effect of historic stimulus and pent up demand should usher in period of synchronized global growth that could support markets for some time and continue to fuel the rotation we've witnessed since November.

Stock selection drove most of our outperformance against the S&P 500. Performance was very broad based with 10 of the 11 sectors positively contributing to our outperformance (Real Estate was a minor detractor). This breadth within our strategy has been present since the vaccine announcements in November of last year which allowed investors to shift away from mega-cap growth names (i.e. FAANGs). Our best performers for the quarter were Financials, Industrials and Consumer Discretionary. More specifically, rising interest rates are a reflection of higher inflation and economic growth expectations. This has been a tailwind for Banks and some of the other cyclical areas we have exposure to. Industrials have also benefitted from infrastructure spending announcements and the resumption of many construction projects. Finally, our Discretionary names are benefitting from strong consumer spending patterns.

Factor performance



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

Factor returns above showcase the dramatic rotation in performance which started in November and continued in the 1st quarter. Value factors became the best performers once vaccine announcements were made and the economic outlook improved. Higher Beta and smaller cap names continue to outperform their low Beta, large cap counterparts. We also saw our Multi-Factor ranking move up the list as one of the better performing factors during the quarter.

Our top five contributors to performance during the quarter were United Rentals, Citizens Financial Group, JPMorgan Chase. Oshkosh and Bank of America. United Rentals continued to perform well in the quarter. The equipment rental industry remains very favorable with strong demand leading to good rental pricing. A resumption of many infrastructure and construction projects should support activity for some time. Much like last quarter, we have several banks that are among the best contributors to our performance. Long-term interest rates continued their march higher, which improved the prospect for lending margins. Reserves for losses and share buyback reauthorizations have also broadly supported bank shares. CFG Financial Group is one of the more interest-rate sensitive banks, and thus had a greater reaction to rising rates. JPMorgan announced better than expected 4th quarter results with nearly $3B in reserves being released.

Management also highlighted strong growth in deposits and a continuation of the recovery in loan growth. Oshkosh is benefiting from a recovery in each of its business units on renewed construction plans and budget spending. The company also won a large USPS contract to produce a new fleet of vehicles over the next 10 years. Hopes of an infrastructure plan have also lifted shares. Shares of Bank of America, similar to the other banks, rose with interest rates in the quarter. The company also reported solid 4th quarter results highlighted by strong investment banking fees and deposit growth.

Our worst five detractors from performance during the quarter were Apple, Qualcomm, Davita, Lumentum and Lockeed Martin. Apple was our largest detractor, but since it's nearly 6% of the S&P and less than 3% in the LCIV, this was actually additive to performance on a relative basis. Share weakness was more of a result of a rotation in market leadership and broadening out of returns than anything specific to operations. Qualcomm reported disappointing quarterly results due to weaker Licensing revenues than expected. Supply constraints also negatively impacted their Handset business revenues. Davita's patient population is at a higher risk of Covid related illness and patient mortality has remained elevated through this pandemic. Despite vaccine rollouts, management expects this dynamic to continue in the first half of 2021. Lumentum reported disappointing results that showed an unexpected miss in their 3D Sensing business. They also got into a bidding war with several competitors for Coherent, an industrial laser company, where they were subsequently outbid. Lockeed Martin continued to underperform as budget deficits widened and weighed on Defense spending expectations. We eliminated the name in January as a result of this and a weakened order backlog.

We continue to believe the global economy is in the early stages of a new economic expansion. It seems apparent that investors more broadly have come around to this realization as well as evidenced by the strong rotation in markets since November of last year. Higher interest rates, inflation expectations and rising growth estimates are all confirming the strength and sustainability of the recovery. Historic stimulus and a resumption of consumption and spending patterns, which have been pent up for over a year, should continue to support the economy for years. Our portfolio continues to maintain a healthy exposure to areas of the market that stand to benefit from reaccelerating growth.

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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4/19/2021
S&P 500 – 4,155 (Intraday)
Russell 1000 Value – 1,539 (Intraday)

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
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. 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 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 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.

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, 2020. 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, 2020. 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.
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.

Russell 1000® Growth Index measures the performance of the largecap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.