April 19, 2022
Intrinsic Value Team
Todd Asset Management

Todd Q1 2022 Intrinsic Value Opportunity Review

	1Q 2022	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
IV Opportunity (Gross)	1.9%	21.4%	18.4%	12.4%	8.5%	11.7%
(Net)	1.7%	20.4%	17.4%	11.5%	7.6%	10.8%
S&P 500	-4.6%	15.7%	18.9%	16.0%	14.0%	14.6%
Russell 1000 Value	-0.7%	11.7%	13.0%	10.3%	9.7%	11.7%

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

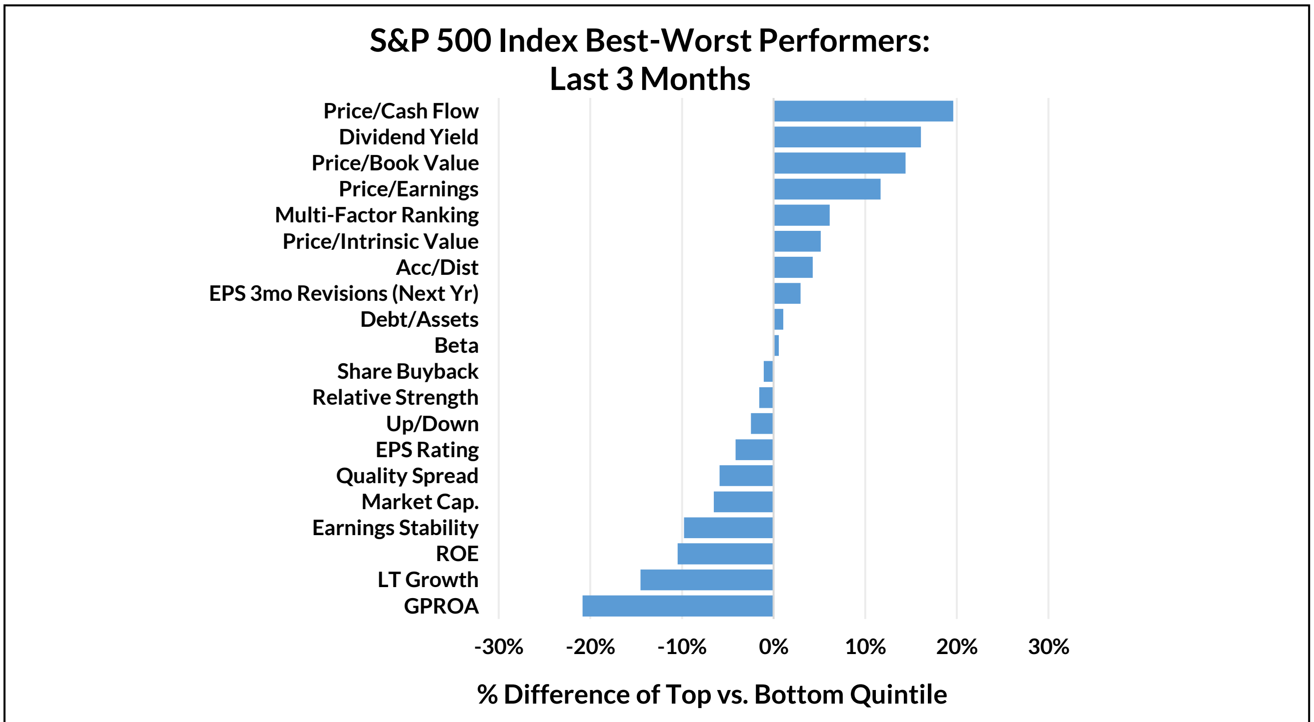
Performance Review

The IV Opportunity strategy finished a volatile quarter +6.5% ahead (gross) of the S&P 500 and around +2.6% ahead of the Russell 1000 Value. Higher interest rates weighed heavily on Growth indices leading Value to outpace Growth by more than +8% in the quarter. This was the first time we've seen meaningful outperformance from Value in a down quarter since the last Value cycle. Value has been outperforming Growth in international markets for over a year now, while performance has been more mixed domestically. We continue to think the tide is turning toward Value as evidenced by recent leadership through a market decline and the pressure higher rates are putting on multiples in the Growth camp.

We just finished quite a quarter with a number of market concerns piling up. Inflation readings continued to run hot forcing the Fed to embark on an aggressive tightening cycle that sees policy rates running above neutral for a time and shrinking the balance sheet within coming months. Russia's invasion of Ukraine and the ensuing war/sanctions further ignited commodity prices, particularly for food and energy. Concerns over supply chains and shipping costs persisted as China's "zero-Covid" policy led to numerous lockdowns that stymied several ports on their east coast. The end result was a mark down of growth expectations, renewed supply chain concerns and rising recession risks. The inversion of our yield curve seemed to be the icing on the cake for the bear camp. Adding insult to injury, this was actually one of the worst quarters for bond returns in nearly 50 years with the Bloomberg US Agg down -6%. Seemingly investors hated everything. When this is the case, we find it useful to ask what could go right. While the inversion of the yield curve garnered much attention, as it should have, the 2-10 only inverted for a few days and other curves (3mo-10yr, Fed Funds-10yr, etc.) continued to steadily steepen. This is hardly sending a clear recessionary message. Nominal growth remains quite strong. This looks to be translating into better company sales and profits as earnings estimates for the S&P 500 for 2022 and 2023 continue to march higher. Investor and consumer sentiment measures are pretty downbeat, which usually indicate things aren't as bad a feared. Inflation could very well be peaking. Services activity is expected to continue rebounding as pandemic restrictions fade. Resolving several supply chain/logistics issues would also help alleviate inflationary pressure on the consumer and let inventory channels replenish more fully.

Markets may remain choppy as we deal with various headwinds. This would fit well with the historically higher volatility seen in midterm election years. However, history would also suggest that returns are above average following the midterms and we continue to see a number of signals that keep us constructive on the economic expansion.

Factor performance



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

Value metrics topped the list, which was consistent with the outperformance from Value indices. The leadership from Value certainly helped this particular strategy overcome the larger underperformance from GPROA given that the strategy is exposed to the most attractively valued names within this sleeve. This helped offset underperformance from Share Buyback and Relative Strength as well. Dividend yield was again one of the best performing factors and has been for the past year. Several quality and growth metrics also lagged.

Sector positioning is quite similar to last quarter as the strategy continues to emphasize Discretionary, Technology and Healthcare names. Our Discretionary sector largely consists of retailers with a more durable customer base that have been able to pass along price increases effectively and navigate supply chain issues. This has kept margins and profitability stable. Similarly our Technology names have been semiconductor and hardware manufacturers who are benefitting from tight supply and good pricing. Names within Healthcare continue to be among the largest contingent repurchasing shares. Energy and Materials have increased notably in the past 3 rebalances. Not surprisingly this is due to the run in commodity prices and these company's inclusion in the Relative Strength tranche.

Commodity prices soared in the first quarter. Strong demand and tight supply had already pushed prices to multi-year highs in 2021. Russia's invasion of Ukraine in February exacerbated these imbalances and prices spiked. Each of our top five performing names this quarter were beneficiaries of rising commodity prices. Our five top performers were Mosaic, CF Industries, Devon, Nucor and Diamondback Energy. Mosaic and CF Industries are both producers of various fertilizers and agricultural products. Russia and Ukraine were large exporters of grains and corn and producers of potash thus the sanction brought on Russia squeezed prices higher to the benefit from fertilizer players. E&P onshore in US – Similarly, Devon and Diamondback Energy are both onshore exploration and production companies in the US oil and gas market. After years of rationalization, strong pricing is driving free cash flow. The prospects for US onshore energy players also improved as calls to ban Russian energy exports grew in the quarter following Russian invasion of Ukraine. Nucor is a steel manufacturer also benefiting from stronger pricing. Management continues to see strong demand in the non-residential construction market that should last into next year.

Supply chain constraints seemed to be the common denominator for many of our worst performing names. Rising input and shipping costs are pressuring margins in a number of industries and making it more difficult to procure components. Our bottom 5 performers were Moderna, Masco, LKQ Corp., Seagate and KLA Corp. Moderna was a victim of it's own success as sustainability of income generated through the pandemic has been brought into question. The market readjusted to a relatively young drug pipeline and shares continued to retreat from the large runup in 2020-21. We eliminated the name from the portfolio in late January. Masco makes home furnishings like faucets, cabinets, paint, etc. The rise in mortgage rates and rising materials and logistics costs have weighed on the company's margins in recent quarters. LKQ offers auto parts in the secondary market and had benefitted from rising used care prices and an ageing fleet. Supply chain issues and rising cost of metals pressured margins in the quarter. This pressure may persist through the next year as the company increases capex and builds inventory levels. Seagate makes storage components for personal computers and enterprise customers. Weakness in China and rising logistic costs have weight on results recently. Management expected these pressures to subside, however investors questioned a rebound in demand from Chinese consumers and shares sold off late in the quarter. KLA makes semiconductor assembly and testing equipment and has been challenged by component shortages, labor costs and broader supply chain issues.

In summary, market participants are worried about the headlines we are seeing regarding war, inflation, potential recession and Fed tightening. We believe the lasting message investors should take from the recent market action is that there's a new regime in place. Rates have backed up, and likely need to go higher, just to get to normal levels. If we can see this occur without the economy sliding into a recession, we believe this sets the stage for Value to continue the recovery it has seen. We are watching first quarter earnings closely to get a sense for what company managements think, and thus far we do not hear that a recession is imminent. If investors embrace that thought, we expect another leg up in the Value versus Growth trade.

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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04/19/22
S&P 500 – 4462
Russell 1000 Value – 1647

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
INTRINSIC VALUE OPPORTUNITY 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.

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Todd Asset Management LLC ("TAM") is a registered investment adviser. The performance presented represents a composite of fully discretionary accounts invested in equity securities within the S&P 500 Index with the objective to seek capital appreciation. This goal is pursued by investing in a portfolio of securities that are in the least expensive third of the S&P 500 Index using a rules-based process based on financial strength, profitability strength and market acceptance.

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 Intrinsic Value Opportunity Composite contains fully discretionary, taxable and tax-exempt accounts that use either the S&P 500 Index or the Russell 1000 Value Index as the benchmark. 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, 2021. 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 Intrinsic Value Opportunity Composite has been examined for the periods January 1, 2011 through December 31, 2021. 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 transactions costs, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. From October 2009 to March 2014 the management fee schedule applied to the composite was 0.70%. Prior to October 2009, the management fee schedule applied to the composite was 0.60%. 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.

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.