TODD
Asset Management

April 21, 2025
Intrinsic Value Team
Todd Asset Management

Todd Q1 2025 Intrinsic Value Opportunity Review

	1Q 2025	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
IV Opportunity (Gross)	-0.39%	18.82%	12.44%	24.86%	13.65%	9.67%
IV Opportunity (Net)	-0.60%	17.84%	11.50%	23.83%	12.70%	8.75%
S&P 500	-4.27%	8.25%	9.07%	18.59%	13.25%	12.50%
Russell 1000 Value	2.14%	7.18%	6.64%	16.15%	9.19%	8.79%

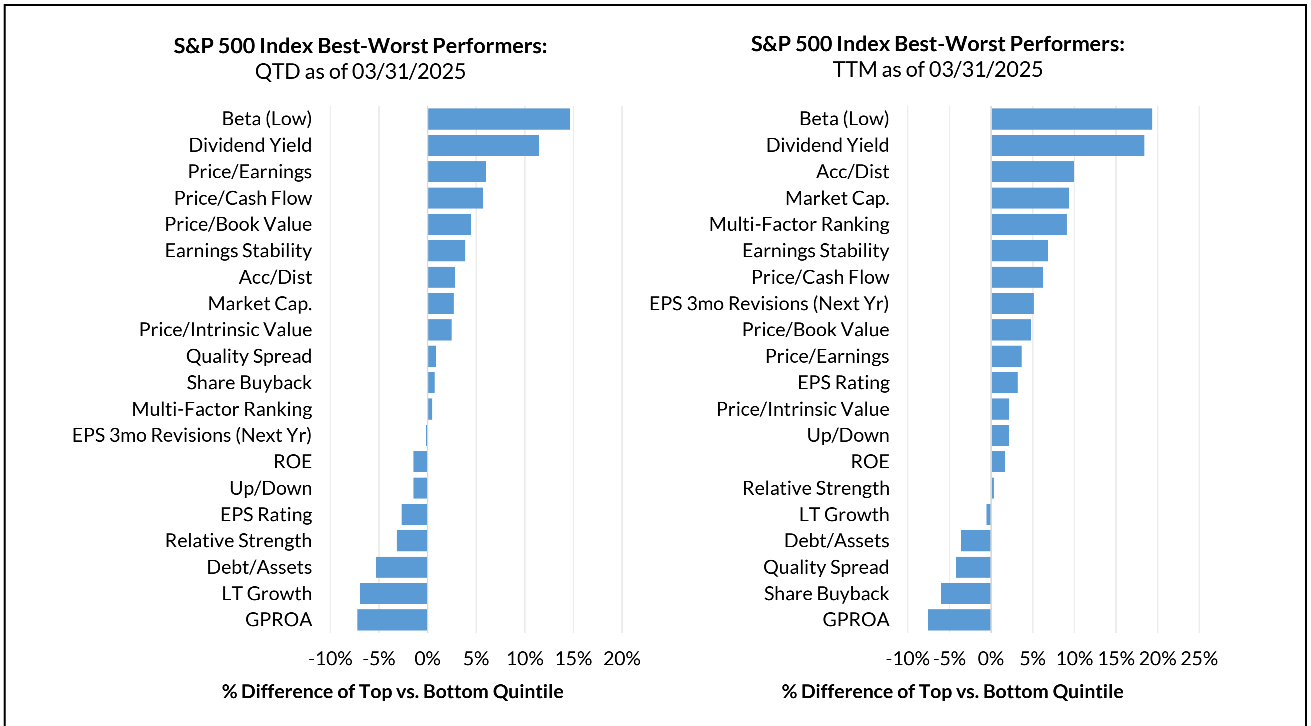
** Annualized Total Returns. Please refer to the attached Performance Disclosure for further information*

Performance Review

Our Intrinsic Value Opportunity strategy started off the year with returns that were ahead of the S&P 500 and behind the Russell 1000 Value. The US market started to take on a more defensive flavor going into March as it felt like a growth scare was being priced in. The policy rollout on trade further reenforced these fears on an already timid investor base. The shift to Value has been driven by the Deeper/Defensive areas of the Value space, which are holding up well.

US trade policy has officially taken center stage with tariff announcements on April 2nd which were worse than most economists "worse-case-scenario". The specific details around tariffs have already changed 2-3 times since preparing this note, so we'll keep it high level. Confidence in US policy is being challenged as decades of status quo arrangements (trade, security, etc.) are being reformed. Look no further than the bond and forex markets, where the US Dollar and Treasuries have both seen weakness. Time will tell whether this was driven by foreigners selling US assets or the unwind of a large levered bet, but it certainly got the administration's attention. While there may be offsetting measures enacted later this year, this marks a huge sea change on the policy front as the US becomes much more restrictive after years of aggressive stimulus. We've long thought that a broadening out of the market was in store and it seems like the investor community is finally starting to unwind the unprecedented level of concentration in the top 5-10 largest companies in the US. Mega-cap Growth isn't being seen as the safe haven in the equity market like it had in prior cycles of market declines. This could be another signal that the groundwork is being laid for a longer-term rotation in style. While the benefits of diversification may not have been appreciated over the past 5-10 years, we suspect this prudent principle may be coming back into vogue.

Factor Performance



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

After two consecutive years of excessive outperformance of Growth over Value, 2025 started with Value factors taking the reins. The Russell 1000 Value outperformed the Russell 1000 Growth by more than +12% in the first quarter. In the same light, Low Beta and High Dividend yielding stocks ranked at the top of the list as policy uncertainty caused a flight to safety. This is a big reversal from last quarter as Yield and Low Beta were two of the bottom performers to finish last year. Growth, Momentum and several Profitability metrics ranked among the worst performing factors in the quarter. Large-cap Technology names were likely the common denominator among those three baskets and sharply underperformed through March.

Performance Attribution

Our underperformance against the Russell 1000 Value this quarter was nearly equally driven by stock selection and sector allocation. On the stock selection front, the portfolio benefited from strong picks in the Industrials and Consumer Staples sectors. However, these gains were offset by weaknesses in Health Care, Financials, and Information Technology. From an allocation perspective, the portfolio was positively impacted by an overweight in Communication Services and an underweight in Industrials, which helped offset some downside. Nevertheless, these benefits were more than offset by a significant overweight in Consumer Discretionary, and a large underweight in Health Care.

The top five contributors to IVO's performance this quarter were American International Group, Progressive Corp., AutoZone, Fox Corp., and RTX Corp. AIG shares surged after delivering better-than-expected Q4 results, overcoming significant catastrophe losses from Hurricane Milton and the Los Angeles wildfires that surpassed initial estimates. Progressive Corp. posted strong revenue and earnings beats, bolstered by disciplined underwriting practices and cost controls that enhanced margins despite industry-wide inflationary pressures. AutoZone defied its earnings miss with share price gains, fueled by optimism around pent-up demand from weather-delayed repairs and tailwinds from tariff-driven increases in new car prices, which could extend the lifespan of older vehicles and boost demand for aftermarket parts. Fox Corp. capitalized on election-related advertising momentum, sports content growth, and Tubi's expanding streaming audience, with further upside anticipated from Super Bowl ad revenue. RTX rounded out the top performers, leveraging profitability improvements in its Pratt & Whitney division and bullish projections for its Defense unit, driven by margin expansion and volume growth.

This quarter's underperformers included Dell Technologies, Apollo Global Management, Synchrony Financial, Best Buy, and Incyte Corp. Dell, despite surpassing earnings expectations and highlighting momentum in artificial intelligence, faced investor concerns due to tariff pressures and questions about its gross margin outlook. Apollo Global Management experienced a sell-off in its shares following the announcement of a significant $1.5 billion all-stock acquisition of Bridge Investment Group, even though the company reported solid quarterly results. This real estate-related M&A deal, while expanding Apollo's origination capabilities and nearly doubling its real estate assets under management, introduced uncertainty that weighed on the stock. Synchrony Financials' shares drifted lower after the company posted quarterly results that fell short of expectations, although its forward outlook remained largely in line with previous guidance. Best Buy delivered results that exceeded both revenue and earnings forecasts, but management's warning that tariffs could lead to higher prices created a notable headwind for the stock during the quarter. Incyte Corp. also saw its shares decline after releasing phase 3 clinical trial data for its skin condition treatment, which disappointed investors by falling short of both internal and competitor benchmarks, despite a positive safety profile.

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

04/21/2025

S&P 500 – 5,158   Russell 1000 Value – 1,702

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.

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 reflects 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 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, 2024. 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, 2024. 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%. 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 for your investment portfolio. The Opportunity product is designed for long-term investors who are willing to accept short-term price fluctuations. Stock market and business risks are general risks. This product generally holds 30 securities and is rebalanced every 3 months, thus it is more concentrated and may generate more investment turnover than other products. It is not required to be diversified by sector, and should be considered a more sector concentrated, aggressive application of the price to intrinsic value investment philosophy. 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.

At acceptance, TAM will provide all clients with a copy of our current Form ADV, Part 2A ("Disclosure Brochure"), Form ADV Part 2Bs, which are the Brochure Supplements for each advisory person supporting a particular client, and, if an individual investor, the Form ADV Part 3 (client Relationship Summary or Form CRS). You may also obtain a copy of these disclosures on the SEC website at http://adviserinfo.sec.gov.