Todd Q1 2025 Large Cap Intrinsic Value Review

	1Q 2025	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	-2.37%	2.70%	6.96%	19.84%	10.09%	10.11%
Large Cap Intrinsic Value (Net)	-2.51%	2.11%	6.33%	19.14%	9.44%	9.46%
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.*

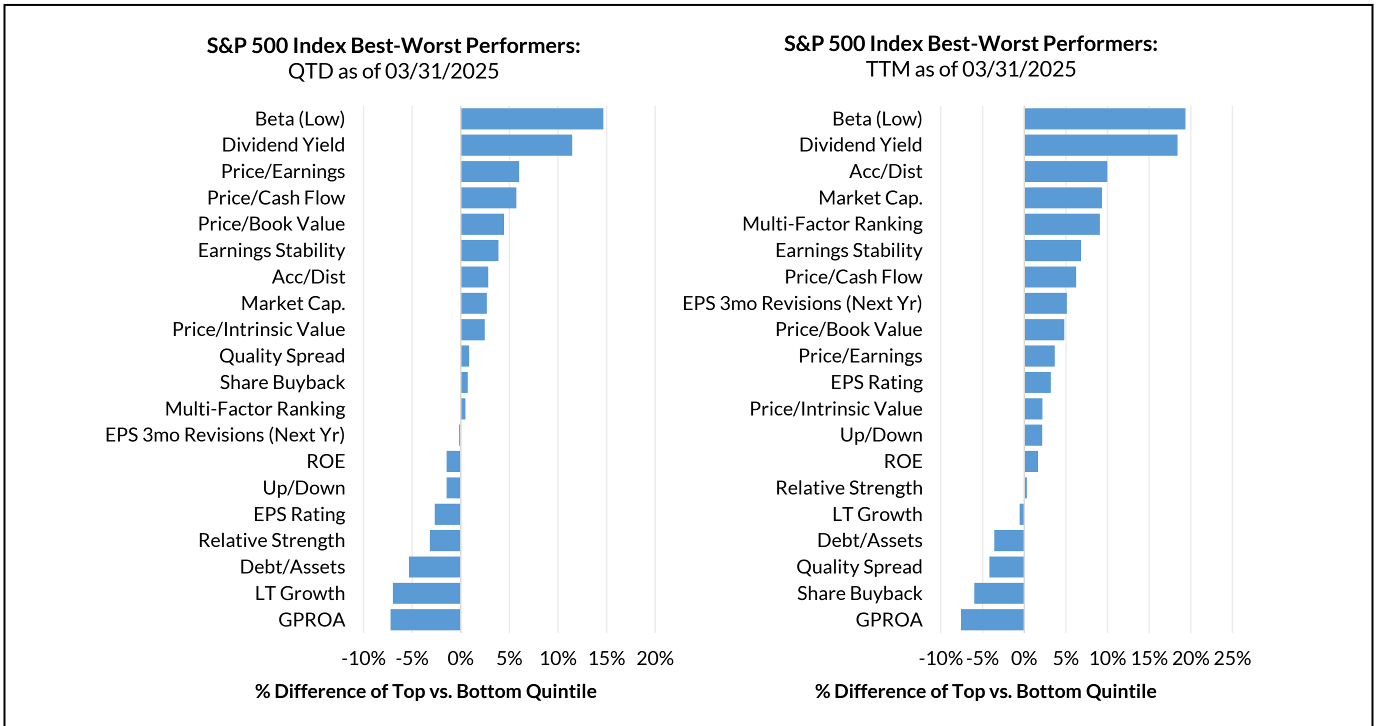
<u>Performance Review</u>

Our Large Cap Intrinsic Value 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. We would expect this to broaden out to the areas of the Value space that tie into more structural growth themes that are prevalent in our strategy as volatility subsides.

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.

In a highly volatile market being driven by news flow, it's always interesting to ask yourself what has and hasn't changed. We have the benefit of viewing this volatility through our investment discipline which demands a focus on fundamentals as well as cyclical and secular growth drivers. Cyclical risks have unquestionably risen as sentiment, which was already on shaky footing, is being challenged. On the margin we've added to some of the more defensive sectors and continued to walk down our weight in Energy. However, the fundamental and secular backdrop for several of the areas that our discipline has been highlighting has only been further reinforced over the past few weeks. The capital spending cycle that we've talked so much about is becoming more entrenched as the US retreats from various multilateral arrangements and focuses on reshoring large swaths of the supply chain in key industries. Financials should also ultimately benefit from easing regulatory constraints and healthy capital levels. We are also likely to move into a better interest rate environment if the Fed calibrates rates lower. It remains to be seen if April 2nd (and the days that followed) was the point of maximum pain on global trade and volatility could stay elevated. Earnings, employment and progress on trade negotiations all bear close watching.

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. Our Multi-Factor Ranking was fairly neutral in the quarter.

Performance Attribution

The strategy's outperformance against the S&P 500 in the quarter was largely driven by the Technology and Consumer Discretionary sectors. Much of this is due to the sharp drawdown in the Magnificent 7[1], of which we are largely unexposed. Energy and Materials were interestingly the other main drivers of our relative returns. Industrials and Financials were our two biggest detractors against the S&P 500. Growth worries and policy uncertainty both weighed on a variety of our holdings in these sectors. Utilities and Real Estate were the other two sectors which detracted from performance, as we are underweight these defensive sectors.

Against the Russell 1000 Value, the strategy's lag was explained both by stock selection and sector allocation. Consumer Staples, Materials and Energy were our most additive areas for relative performance. Technology and Financials caused most of the lag against the Value index in the quarter. Semiconductor companies along with other groups within Technology which performed remarkably well last year saw selling pressure as investors rotated to other parts of the market.

Our top five performing companies for the quarter were AutoZone, Progressive, AbbVie, IBM and Amgen. AutoZone was our top performing holding in the quarter as it's more defensive profile became increasingly appealing as markets sold off. DIY auto repairs typically pick up when the economy weakens so investors are expecting business activity to be resilient. The company is also making inroads on more commercial clients which can further drive growth going forward. Progressive has continued to achieve impressive auto premium growth which, along with solid underwriting, is driving earnings well above most analyst estimates. The company is a leader in their use of technology and data analytics, which has given them a competitive edge vs. peers on their cost and customer service capabilities. Skyrizi and Rinvoq are two of AbbVie's main drugs that continue to see strong uptake and are effectively replacing revenues from Humira in the immunology space which went off patent a few years ago. As a result, earnings are expected to inflect higher in 2025. While discretionary IT spending remains challenged, IBM is seeing strong growth in their Software business while Consulting should begin to recover as they begin to book revenue from AI-related contracts, where bookings continue to pick up. Amgen held up relatively well in the quarter as ongoing strength in their core, rare-disease drug franchises and a steady pipeline of phase 2-3 drugs gave investors sense of comfort.

Our bottom five performing companies for the quarter were Broadcom, First Solar, Teva Pharmaceutical, Dell Technologies and Onsemi. Shares of Broadcom sold off after posting an impressive run in 2024 and staking claim as the #1 custom AI semiconductor chip player. Much of the enthusiasm around AI spending has reset following announcements from DeepSeek (which claims to run a dramatically cheaper AI model) and Microsoft (which is pulling back on datacenter spending). This led investors to sell some of the best performers in the space to start this year. First Solar continues to see pressure over concerns around more austere government spending and the potential rollback of subsidies from the Inflation Reduction Act. As we've stated in prior letters, those programs are disproportionately beneficial to red states which could make a repeal less likely. However, the new administration has clearly shown that they're not afraid of disruption. Teva Pharmaceutical, which was one of our top performing names last quarter, had a disappointing earnings release in late January that sees profits in 2025 coming in lower than expected. The company is increasing spending in their pipeline which could cause some additional volatility to results in the near-term. Shares of Dell Technologies continued to see pressure as investors recalibrated expectations on AI spending. As a result, uncertainty has persisted around the future path of margins. Finally, Onsemi rounds out our bottom performers for the quarter. We eliminated the stock from the portfolio back in mid-March as a recovery in auto and industrial end markets remained elusive.

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.

Curt Scott, CFA
Jack White, CFA
Jack Holden CFA
Shaun Siers, CFA

04/21/25
S&P 500 – 5,158
Russell 1000 Value – 1,702

1. Magnificent 7 includes Apple, NVIDIA, Microsoft, Alphabet, Amazon, Meta and Tesla.

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.

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 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, 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 Large Cap intrinsic Value 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 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. 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.

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.