

## Todd Q2 2020 International Intrinsic Value Opportunity Review

	2Q 2020	YTD	1 Year	3 Year*	5 Year*	Since Inception* (07/01/14)
International IV Opportunity (Gross)	18.4%	-14.2%	-8.7%	-2.1%	-0.6%	-1.5%
(Net)	18.2%	-14.6%	-9.5%	-2.9%	-1.4%	-2.3%
MSCI ACWI ex-US (Net)	16.1%	-11.0%	-4.8%	1.1%	2.3%	1.0%
MSCI ACWI ex-US Value	13.1%	-19.1%	-14.7	-3.3%	-0.6%	-1.8%

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

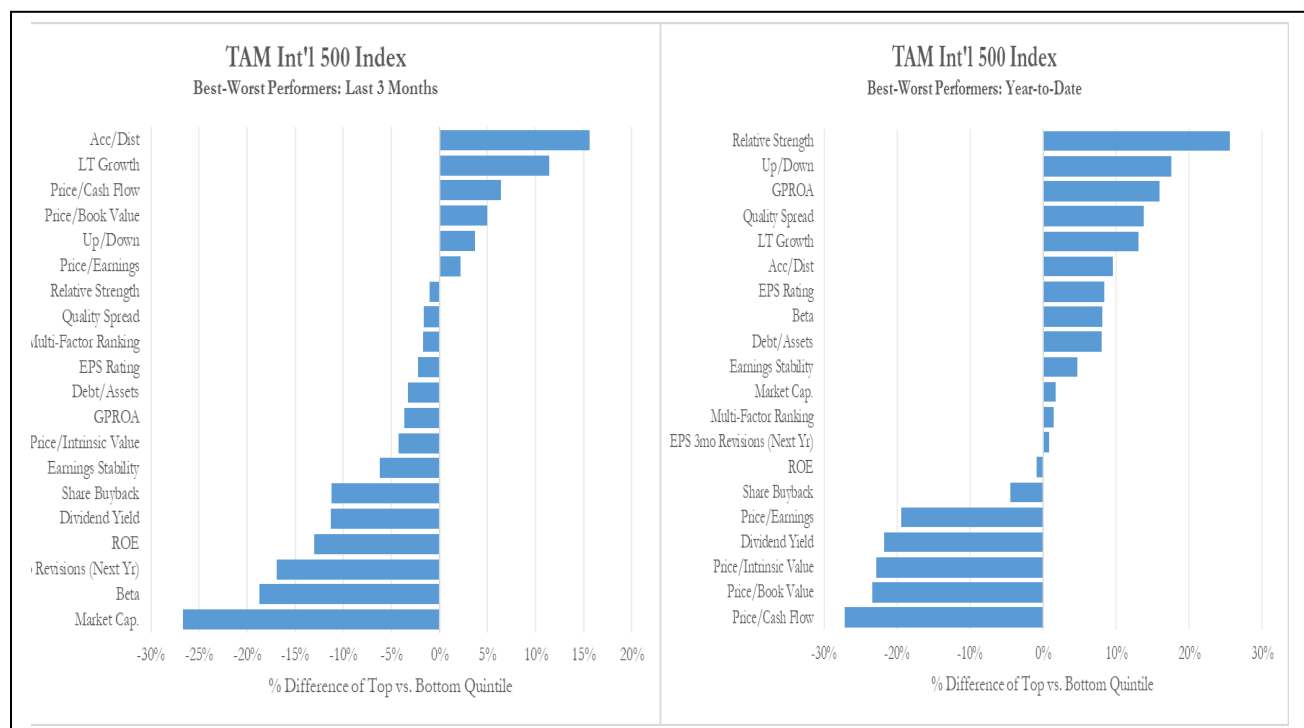
### Performance Review

The IIVO (gross) strategy outperformed the ACWI ex- US by about +2% and the ACWI ex-US Value by about +5% during the quarter. The recovery we witnessed in the second quarter was in sharp contrast to the rapid bear market that defined the first quarter. Recoveries are unfolding across the world, with most resembling more “V” shaped rebounds. China is a leading example of this and continues to lead the rest of the world by about 2 months as they were the first to combat the coronavirus with lockdowns. Global economic activity looks to have bottomed in April, which is confirmed by the strong cyclical bias markets had during the quarter. This would also indicate that we are starting a new expansion, and expansions tend to last years.

The International Intrinsic Value Opportunity strategy starts with the most attractive third of the largest 500 securities in our international universe based on our Intrinsic Value calculation. From that third, we select the most attractive stocks based on measures of Financial Strength, Profitability efficiency and Relative strength in three sleeves. The account is rebalanced quarterly. It should be considered a deeper value strategy and is designed to look for valuable stocks that have reasons to recognize that value.

### Factor Performance

Our factor analysis (next page) continues to highlight the wide spread between Growth and Value, where Value factors broadly underperformed by around -20% YTD. There was somewhat of a rotation in to Value coming off the market lows, but that fizzled out in June as fears of a second wave of COVID-19 cases pushed Growth stocks higher. Rotations occurred elsewhere as factors that underperformed in the 1<sup>st</sup> quarter outperformed in the 2<sup>nd</sup> quarter. Beta and Market Cap had the largest reversal.



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

Stock selection was responsible for most of the outperformance during the quarter and was pretty broad based. Within sectors, our biggest drivers were Financials, Discretionary, Industrials and Health Care. Regionally, stock selection drove all of our outperformance. This was mainly driven by Europe and Pacific ex-Japan, though Emerging Markets helped as well.

Our top five contributors to performance during the quarter were Fortescue, Magna International, Netease, LyondellBasell and Credit Suisse. Fortescue is an Australian iron ore miner and continued to benefit from the rally in iron ore prices as the global economy began to recover in the second quarter. Magna International is an auto parts manufacturer and benefitted from a resumption in auto production. The company has also secured ample liquidity through this crisis, which should provide them with some flexibility for M&A or strategic investments. Netease continues to grow online gaming revenues and should benefit from several new game launches due later this year. LyondellBasell recovered sharply from market lows and has been able to maintain its dividend despite margin pressure from lower commodity prices. Credit Suisse shares rallied in May following the announcement of a European Recovery Fund that would dramatically increase support for the European economy and banking system.

Our worst five detractors from performance during the quarter were Royal Dutch Shell, Nutrien, Momo, Daito Trust and Amdocs. Royal Dutch Shell cut their dividend for the first time since World War II as oil prices collapsed in April. Management also lowered their outlook for

pricing and refining margins over the near term. Nutrien produces fertilizer for the agriculture industry where crop prices have been weak due to excess supply. This has weighed on fertilizer pricing as well. Momo shares underperformed as revenues from Live stream have been weak due to increased competition from Tiktok and lower user spending. Daito Trust is a Japanese real estate developer and shares sold off in June as the order outlook for their construction business was lowered. Amdocs, which offers billing and networks management for its customers, saw shares decline as their backlog of new business has slipped.

We believe the global economy is entering a new expansion following one of the largest recessions in history. Bear markets and recessions usually result in a change of leadership. The US has outperformed International markets for over a decade and Growth has outperformed Value. Brighter days could be ahead for International as Emerging Market growth reaccelerates and large debt loads in the US weigh on the Dollar.

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.

Curt Scott, CFA  
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7/17/20  
MSCI ACWI ex-US (Net) - 234  
MSCI ACWI ex-US Value - 144

*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.*

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# TODD ASSET MANAGEMENT LLC

## INTERNATIONAL 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.

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 using a rules based process based on intrinsic value, financial strength, profitability strength, and market acceptance. The objective is to seek capital appreciation.

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 Opportunity Composite contains fully discretionary accounts that use the MSCI ACWI ex-US 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, 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 Opportunity Composite has been examined for the periods July 1, 2014 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](http://www.toddasset.com).

The performance information is presented on a trade date basis, both gross and net of management fees, 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 0.80% 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. 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.

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 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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