Todd Q2 2020 Large Cap Intrinsic Value Review

	2Q 2020	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	24.1%	-12.5%	-1.4%	4.1%	5.7%	8.5%	11.3%
(Net)	23.9%	-12.7%	-2.0%	3.5%	5.0%	7.9%	10.6%
S&P 500	20.5%	-3.1%	7.5%	10.7%	10.7%	12.1%	14.0%
Russell 1000 Value	14.3%	-16.3%	-8.8%	1.8%	4.6%	7.1%	10.4%

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

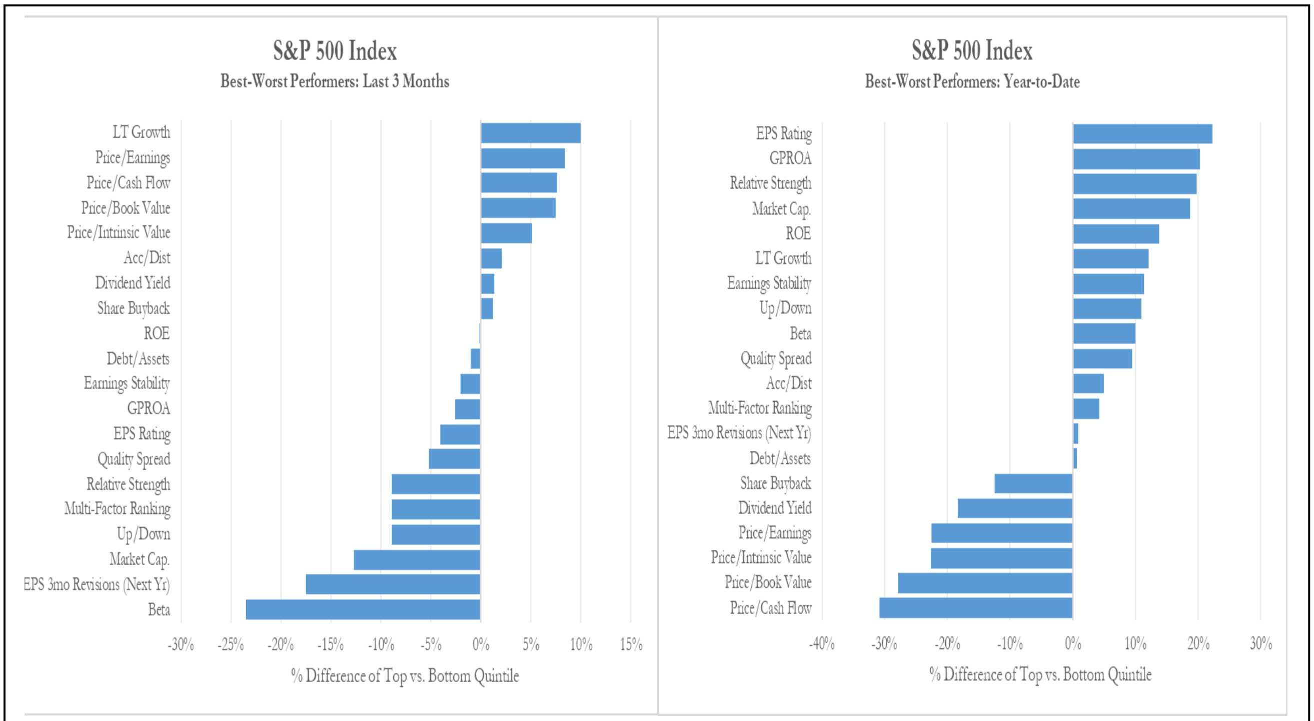
Performance Review

The LCIV (gross) strategy outperformed the S&P 500 by +3.5% and beat the Russell 1000 Value by nearly 10% during the quarter as lockdowns were lifted and economic activity began to recover following the fastest and one of the deepest recessions on record.

We finally got the recession everyone was worried about. For the past five years, investors have been worrying about, and waiting for a recession. We had seen several periods when these worries resulted in a complete loss of confidence surrounding the outlook for the more inexpensive value oriented stocks that we favor. During those periods where confidence declined, our portfolio would lag the S&P as investors would only favor Growth stocks, but as confidence returned after the slowdown, our portfolio would go on to recover for the next several years. We believe the outperformance compared to both the Value and Growth indexes this quarter represents the beginning of another recovery period for us, especially versus the S&P. Growth stocks have reached significant extremes compared to Value stocks. This is why our performance is ahead of the Value index over all time frames, and lagging the S&P over the longer time frames. At the peak of a Growth cycle, this is how our numbers should look. We believe the extraordinary actions being taken by the government to keep the base of the economy intact, coupled with more significant stimulus programs to recover from the Covid-19 induced recession, are indicative that a durable economic expansion is beginning. The last five recoveries lasted an average of eight years. Our portfolio is positioned for the recovery to come.

Stock selection was responsible for most of the outperformance during the quarter. Our largest drivers were Financials and Consumer Discretionary. Broadly speaking, the more cyclically oriented names drove our outperformance during the quarter as many experienced dramatic recoveries off the market low in late March. As the economy started to open back up in May, a rotation began and the names that lagged in the first quarter during the bear market led in the recovery we saw in the second quarter. This rotation faded late in the quarter as mega-cap growth names resumed their leadership and pushed an already stretched and narrow Growth cycle further into extreme territory. Despite this the economy looks to have bottomed in April, as evidenced by the market and numerous economic data points. This indicates that we are starting a new expansion and expansions tend to last years. The cyclical bias that we've held in the portfolio should benefit as the recovery continues to play out.

Factor performance



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

Factor analysis for the quarter continues to highlight the wide spread between Growth and Value. Despite the fact that Value factors performed much better during the quarter as markets recovered, **the Russell 1000 Value has underperformed the Russell 1000 Growth by -26% year-to-date**. The only other time over the past 40 years where we can find a performance dispersion between Growth and Value this wide was at the height of the Tech Bubble in early 2000. While market performance continues to be dominated by this dynamic, we did see a rotation elsewhere as factors that underperformed in the 1st quarter outperformed in the 2nd quarter. Beta and Market Cap had the largest reversals.

Our top five contributors to performance during the quarter were Apple, Citizens Financial, Morgan Stanley, Aptiv and ON Semiconductor. Apple shares outperformed with other large Tech names throughout the quarter as FAANG and Growth continued to lead. Apple's business is also more insulated from short-term impacts from COVID-19 as there are no material product launches this year. Citizens Financial saw shares rally sharply from the market lows in late March as the yield curve steepened and lockdowns were lifted. Management also reaffirmed their dividend during the quarter. Morgan Stanley shares rallied sharply with markets as well. Stress test results for the company were also better than expected. Aptiv shares recovered strongly as vehicle production was resumed in the second quarter and the longer term secular trend toward more safety/autonomous features remains intact. ON Semiconductor also had a sharp recovery as activity restarted in many industrial and auto end markets. Cost reduction initiatives should also help boost margins once activity recovers.

Our worst five detractors from performance during the quarter were Delta, Biogen, Royal Dutch Shell, Bristol Myers and Lockeed Martin. Delta was at the epicenter of the lockdown measures and the company has been burning cash as air traffic continues to be depressed. We eliminated DAL in May. Biogen lost patent protection on its largest drug, Tecfidera (a drug that treats Multiple Sclerosis), which increased the importance of getting approval for their Alzheimer's drug. Pipeline concerns and a delay of the Alzheimer's drug (aducanumab) filing led us to sell stock in June. Royal Dutch Shell cut their dividend for the first time since World War II as oil prices collapsed in April. Management also lowered its outlook for pricing and refining margins. Bristol Meyers shares outperformed during the bear market, but lagged during the recovery. We initiated Bristol Myers in May and have continued to size up that position due to their strong, oncology-focused pipeline. Lockeed Martin is another defensive oriented holding that outperformed during the bear and lagged during the recovery.

We believe the 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. Growth has outperformed Value for the past decade and recent performance has pushed this differential to extremes only matched during the height of the Tech Bubble. Index concentration is also reminiscent of the late 1990's and early 2000's. Government stimulus has boosted consumer wealth despite high levels of unemployment. While uncertainties around the election and a potential second wave of the virus could be headwinds, we believe this secular bull market is still intact, and we are probably at the beginning of a long economic expansion. Increased visibility and confidence that the cycle is indeed restarting should help performance broaden out, supporting Value and cyclically oriented parts of the market.

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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7/17/20
S&P 500 – 3,225
Russell 1000 Value – 1,156

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 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 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, 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 Large Cap Intrinsic Value Composite has been examined for the periods January 1, 2011 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.

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.