Todd Q2 2021 International Intrinsic Value Review

	2Q 2021	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	2.4%	11.8%	41.0%	9.9%	11.5%	5.5%	6.5%
(Net)	2.2%	11.4%	39.9%	9.0%	10.6%	4.6%	5.6%
MSCI ACWI ex-US (Net)	5.5%	9.2%	35.7%	9.4%	11.1%	5.3%	5.5%
MSCI ACWI ex-US Value (Net)	4.3%	11.7%	37.6%	5.2%	8.6%	2.4%	3.5%

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

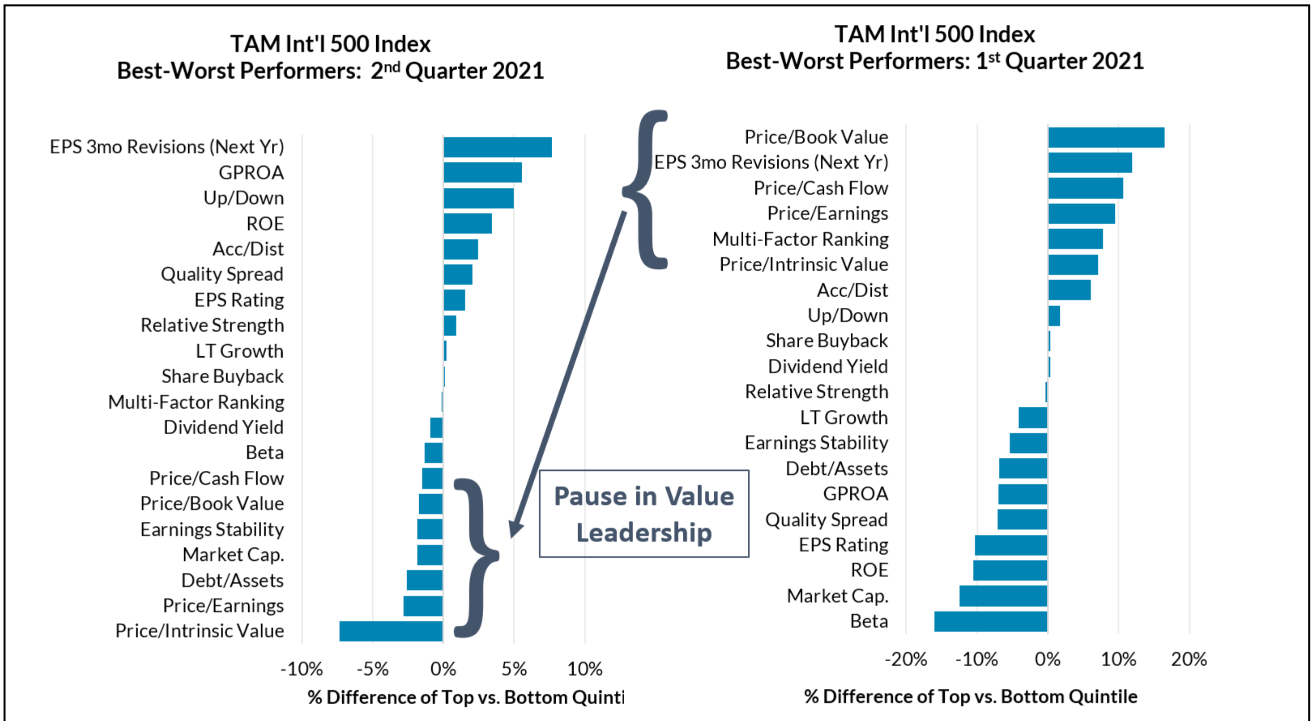
Performance Review

Market leadership reversed in the second quarter with the areas that had led since the initial vaccine announcements in November of 2020 (mainly Cyclicals and Value) giving way to the more Defensive and Growth oriented parts of the market. This led the IIV (gross) strategy to underperform the MSCI ACWI ex-US by around -3% during the quarter. Our performance (gross) over all other time frames (YTD, 1yr, 3yr, 5yr, 7yr and 10yr) remains ahead of the ACWI ex-US.

In a broad sense, there were a number of positive developments in the second quarter. Global Covid cases peaked in April and went on to decline by about half through mid-June. Earnings came in well ahead of consensus expectations which lifted full year estimates by another +8% during the quarter. All of this pushed the ACWI ex-US to new all-time highs in early-June (it's first in over 13 years). Despite this, concerns over the spread of the Delta variant brought the reopening trade into question in recent weeks. Outbreaks and extended lockdowns in several countries in May and June led to risk off positioning. German bond yields, which looked like they were working their way out of negative territory through the first part of the quarter, moved lower as concerns around the Delta variant weighed on global reopening expectations. This sentiment carried over to most markets with the US Dollar strengthening and most commodities consolidating or correcting over the past few months. Brent crude oil was an outlier here, continuing to make new post-pandemic highs as OPEC failed to agree to new production levels. Outside of Covid-related news, the Chinese government continued to roll out regulatory changes that targeted a number of large consumer-facing services companies. These headwinds weighed on our strategy's performance, particularly in June. We anticipate that these issues are largely transitory as vaccines continue to show high levels of protection against emerging variants and administration ramps globally.

Stock selection drove most of our underperformance against the ACWI ex-US. Detractors were somewhat concentrated within Consumer Discretionary and Industrials. Regionally, Emerging Markets and Europe were our largest detractors. These sectors and regions were our top performers in the first quarter, in another sign of the reversal we saw in market performance this quarter. Discretionary and Emerging market weakness was tied to the regulatory announcements in China. Our best performing sectors for the quarter were Utilities and Materials, while the United Kingdom came in as the top performing region.

Factor performance



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

Our factor work had previously highlighted the sharp rotation in performance that followed the vaccine announcements back in November 2020, which was led by Value. This rotation paused in the second quarter as Value measures were among the worst performing factors. Quality and Growth related factors led the way as uncertainty increased and investors reverted back to the defensive stance we saw through most of the early stages of the pandemic.

Our top five contributors to performance during the quarter were Vale, Ashtead, Bank of Montreal, Fujifilm and Lukoil. Despite a sharp correction in iron ore prices in May, prices increased by +20% in the second quarter. This price strength drove Vale's performance (a global miner of iron ore) in the quarter as robust cash flows are allowing the company to increase shareholder returns. Ashtead, which is a heavy equipment rental company and in our top 5 for the 3rd quarter in a row, continued its impressive run from the market low over a year ago. Market share gains are expected to persist as they grow their footprint and increasingly emphasize an underpenetrated Specialty business, where pricing and margins are much higher. The Bank of Montreal posted results in the second quarter that were better than expected, driven by strong commercial loan growth and trading performance. Fujifilm is seeing strong demand for their Healthcare equipment products (which carry higher margins) that management expects to continue for the next year or so. This is more than offsetting headwinds in office equipment sales, which remain slow as many companies are still working remotely. Shares of Lukoil, a Russian oil and gas company, rose to post-pandemic highs in June as oil prices broke above $70/bbl. Management expects production volumes to grow through the rest of the year which would continue to support earnings and cash flows at these levels.

Our worst five detractors from performance during the quarter were Vipshop, New Oriental Education, Ping An Insurance, Naspers and AerCap. Four of the five names are tied to China and were weighed down by regulatory announcements made throughout the quarter. Shares of Vipshop, an online discount retailer, continued to sell off in the second quarter after the Archegos hedge fund, which blew up in late March, was unwound. Regulatory announcements from China also broadly weighed on the eCommerce sector which caused investors to question expectations for user growth. Chinese regulators also targeted the after school tutoring industry which has weighed on New Oriental Education. Investors are still awaiting more clarity around the scope of these regulatory changes, but future projections on enrollment growth have been gradually downgraded which has lowered long-term earnings growth outlook. Regulators have also tightened credit conditions in China which has increased uncertainty around asset quality broadly in the banking and insurance industries. This plus several localized Covid outbreaks in China weighed on Ping An Insurance during the quarter. Naspers is a South African telecom company that has a large stake in Tencent, one of the largest eCommerce companies in China. Similar to the last 3 names, regulatory headwinds in China weighed on the name. Aercap, which leases aircraft to the airline industry, saw shares weaken in the quarter as a number of countries saw renewed Covid outbreaks. Plans to fully lift lockdowns and reopen their economies were delayed, extending travel restrictions.

The recent rotation to bonds, and safety growth stocks does not “feel” right to us as we look at anticipated economic growth rates. We think investor psychology is still scarred from the post-GFC decade of deleveraging induced subpar growth and the recent Covid-19 depression. We think second quarter earnings reports during July could change investors’ perception and allow the economically sensitive sectors that we favor to get reinvigorated. While China was easing back on their monetary stimulus, Europe was ratifying the EU recovery fund at the end of May. That money reaches national governments in July. Experience says stimulus helps the economy, and the effects last for years. This marks the first time in decades that European Governments have bound together to promote economic growth and it should provide support for the Euro area for some time to come. The economic recovery is young, reopening is occurring and stimulus continues. International Investors should be viewing the recent pullback versus the US indexes as a good entry point. We think re-opening and renewed stimulus points to a resumption of gains for international equity markets later on this year. We believe the paused rotation to value and international should resume. A time tested strategy like ours that blends valuation, fundamental strength and market acceptance should be poised to do well in that environment.

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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7/19/21
MSCI ACWI ex-US (Net) – 342
MSCI ACWI ex-US Value - 182

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
INTERNATIONAL 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.

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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 primarily in large cap internationally domiciled, US traded equity securities, with the objective to seek capital appreciation. This goal is pursued by investing in a diversified portfolio of these equities which 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 International Intrinsic Value Composite contains fully discretionary, taxable, and tax-exempt accounts that use either the MSCI ACWI ex-US or the MSCI EAFE Index as the benchmark. Prior to April 1, 2010, this composite was known as the International 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, 2020. 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 Composite has been examined for the periods January 1, 2011 through December 31, 2020. 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, gross and net of management fees, and 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 .80% applied monthly. Prior to January 2007, the management fee schedule applied to the composite was .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 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 net index takes into account the impact of tax withholdings on dividend income.

MSCI ACWI ex-U.S. Value (net) Index captures large and mid-cap securities exhibiting overall value style characteristics across developed and 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. The net index takes into account the impact of tax withholdings on dividend income.

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