Todd Q2 2021 Large Cap Intrinsic Value Review

	2Q 2021	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	5.2%	18.9%	50.0%	14.1%	16.8%	11.3%	12.7%
(Net)	5.0%	18.6%	49.1%	13.4%	16.1%	10.6%	12.0%
S&P 500	8.6%	15.3%	40.8%	18.7%	17.7%	14.1%	14.8%
Russell 1000 Value	5.2%	17.0%	43.7%	12.4%	11.9%	9.4%	11.6%

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

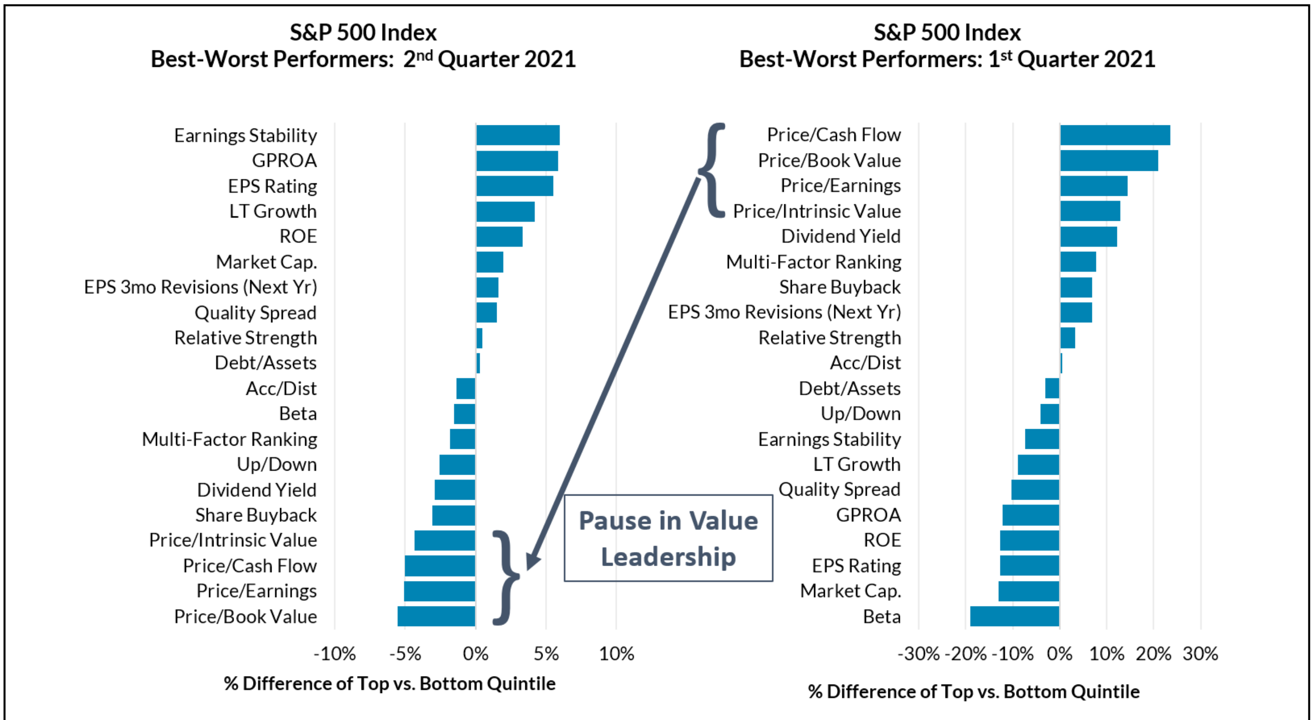
Performance Review

The dominant theme of market leadership that persisted since the announcement of vaccines in November last year paused as the reopening/reflation trade came into question. Value and Cyclicals, which had led through the end of the May, underperformed sharply in June. This weighed on the LCIV (gross) strategy, which underperformed the S&P 500 by more than -3% for the quarter (almost all of this occurred in June). The strategy slightly outperformed the Russell 1000 Value in June and was basically in-line for the quarter. Our (gross) performance remains ahead of the Russell 1000 Value over all other time frames and we remain over +9% ahead of the S&P 500 over the past 12 months while longer-term number continue to repair.

We got mixed messages through the quarter as equity markets made new all-time highs, yet bond yields (particularly 10yr treasuries) collapsed in June. The dramatic move in interest rates signaled that investors were increasingly concerned about resurging Covid cases, led by the more transmissible Delta variant. Data continues to show that vaccines are very effective at protecting from all variants, however investors clearly began to question the reopening/reflation narrative that persisted since last November. Falling rates and increased uncertainty fueled a rebound in Growth names, specifically the FANGs, which came at the expense of Value. We think this dynamic is likely transitory for a few reasons. First, the rotation to Value since late last year was probably due for a pause, given that the Russell 1000 Value outpaced the Russell 1000 Growth by more than +20% in just 8 months through mid-May. Second, the cautious stance investors seemed to embrace in June didn't show up in traditional defensive sectors as Utilities and Consumer Staples continued to underperform. Also, despite the rush into US Treasuries, credit market also weren't signaling any impending trouble brewing. High yield spreads are currently trading at their tightest levels since the Great Financial Crisis. This all suggests to us that the sharp reversal we saw in the markets during the quarter was more positioning and technical in nature and not a sign of a larger problem that would derail the economy.

Stock selection drove most of our underperformance against the S&P 500 for the quarter, with more than half of this being concentrated within Technology. Industrials, Energy and Financials rounded out our largest detractors for the quarter. These were all sectors that were benefitting improving expectations on the reopening of the economy, and consequently lagged as this was brought into question in June. Stock selection in Materials as well as our underweight position in Consume Staples and Utilities were the best performing areas for the quarter.

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. Most of this reversal occurred in June. 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. The Russell 1000 Growth outperformed the Russell 1000 Value by nearly +7.5% in the month of June alone. There was also a return to the concentrated FANG names, as the NYFANG index outperformed the broader S&P 500 by nearly +7.5% as well in June.

Our top five contributors to performance during the quarter were Morgan Stanley, Alphabet, Iqvia, Target and Vale. Strong markets, trading activity and asset growth are driving strength in Morgan Stanley's profits. The company also announced they would double their dividend after passing the Fed's stress test at the end of the quarter. Alphabet is benefitting from a recovery in ad spending as the economy reopens and continued strength in eCommerce. Enterprise spending is also recovering which is boosting Cloud segment results. Iqvia, which handles outsourced R&D for clinical medical trials, saw shares rally into their first quarter results which showed strong growth of their business backlog and better revenues. As the pandemic has receded many trials that were delayed due to Covid has resumed, which has revived their growth. Target has been able to maintain sales momentum both through the pandemic and as the economy reopens by gaining market share and leveraging their successful digital channel. Share gains in Home and Apparel have helped to drive margins higher. 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.

Our worst five detractors from performance during the quarter were Southwest Airlines, Intel, On Semiconductor, F5 Networks and Lumentum. Shares of Southwest sold off in the quarter as Covid outbreaks in a number of countries paused expectations over the resumption of travel. Business travel has also been slow to recover, which has weighed on their margin outlook. Intel continued to see revenues from Datacenter clients decline. While turnaround efforts in their manufacturing process have been well received, lost market share in Datacenter was a disappointment to investors and sent shares lower. Despite broad based strength in their most recent quarterly results, On Semiconductor sold off with the rest of the Semiconductor industry in May as supply chain concerns were at the top of investors' minds. This was particularly true of names with exposure to the Auto market, which represents more than +30% of revenues. F5 Network has been transitioning much of their business from Hardware to Software and Services, which carry better margins and visibility. This transition took a pause this quarter, which caused investors to question forward guidance of the growth of their Software business. Lumentum reported disappointing results and guidance as the deployment of 5G networks in China have been slower than expected and pricing on their 3D sensing chips is expected to see some pressure in the next generation of smartphones.

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. There is still a tremendous amount of monetary and fiscal stimulus that has yet to be fully expended. We are still in the early stages of a new economic cycle with further reopening efforts set to continue as we progress through the rest of this year. The benefits of pent up demand and historically high savings should last for years and would reinforce the self-sustaining nature of economic growth. More broad based growth would also suggest that investors may return to Value, moving away from Growth and the FANGs, as reopening continues. These dynamics would be favorable for our style and strategy.

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
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7/19/21
S&P 500 – 4,258
Russell 1000 Value – 1,521

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 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, 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 Large Cap 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, 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.