# Todd Q2 2022 Global Intrinsic Value Equity Income Review

| | 2Q2022 | 1 Year | 3 Year* | 5 Year* | 7 Year* | 10 Year* |
|---|---|---|---|---|---|---|
| GIVEI (Gross) | -6.3% | 0.5% | 5.5% | 5.2% | 6.2% | 7.8% |
| GIVEI (Net) | -6.4% | -0.1% | 4.8% | 4.6% | 5.6% | 7.2% |
| MSCI ACWI (Net) | -15.7% | -15.8% | 6.2% | 7.0% | 7.0% | 8.7% |
| MSCI ACWI Value (Net) | -11.5% | -8.1% | 3.9% | 4.3% | 4.9% | 6.9% |

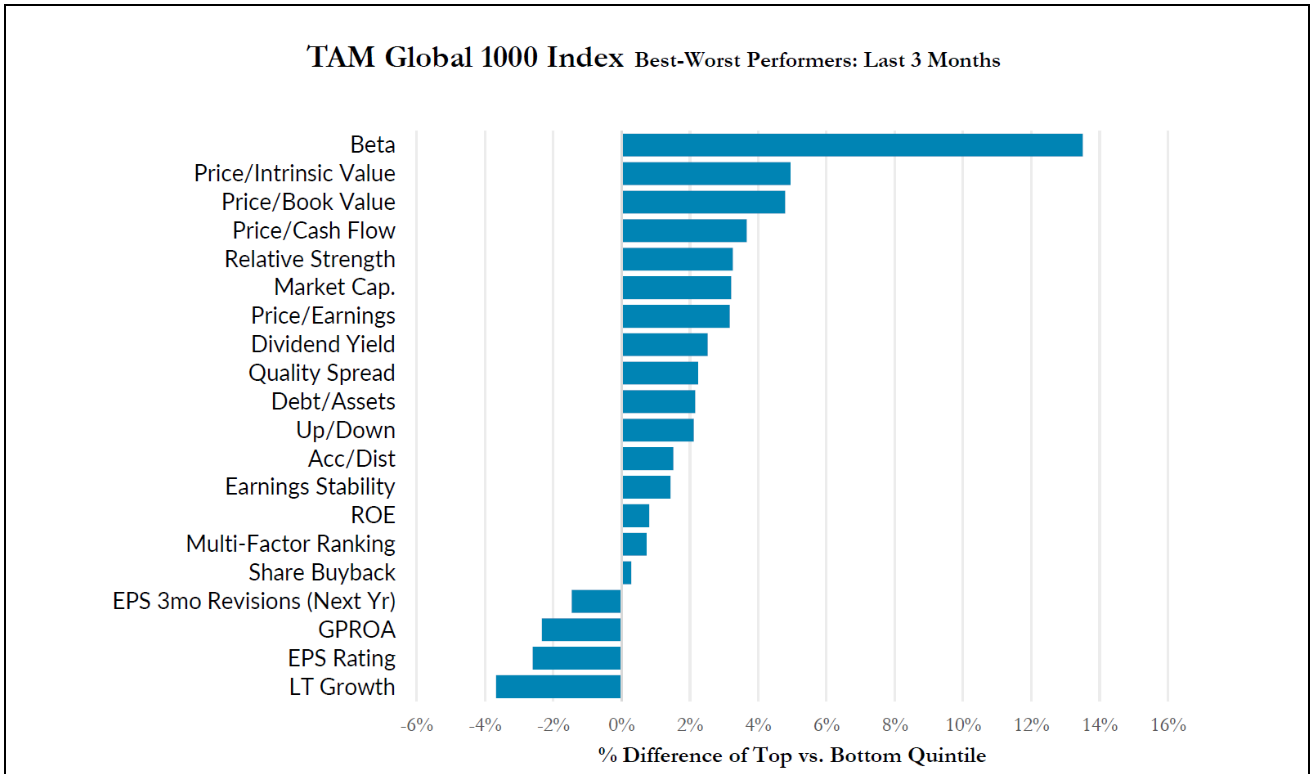
** Annualized Total Returns. Please refer to the attached Performance Disclosure for further information.*

**Performance Review**

The GIVEI (gross) strategy outperformed the MSCI ACWI by +9.4% and the MSCI ACWI Value by+5.2% during the quarter. For the trailing 12 months, the strategy outperformed (gross) the indexes by 15.3% and 7.6% respectively. The strategy is performing as we would expect outperforming during difficult markets. As of the end of the quarter, the dividend yield was at 5.4%.

Policy oriented headwinds are clouding the economic outlook and perpetuating many of the concerns facing investors. Recessionary risks have clearly risen and seem to be well priced into markets given the bear market we witnessed in the first half. Markets may have further downside, but it seems that much of the damage has been done and off-ramps from current policy stances could do wonders to improve sentiment from historically low levels. Global central banks are rapidly tightening policy to combat stubbornly high inflation. While a rollover in headline inflation readings seems elusive, several important components of the global inflation basket have materially weakened in recent months (most notably commodity prices) which give us the sense that inflation may indeed be in the process of peaking. Better prospects for inflation coming back down would provide a welcome off-ramp for central bankers to become less hawkish. The Russia/Ukraine war is another source of uncertainty. Territorial gains in recent weeks have left most of the Donbas region under Russian military control. Putin likely miscalculated the magnitude of sanctions and large troop losses that followed the invasion. We aren't military strategists, but the ability to redraw the Russian border around the Donbas region could provide an off-ramp and opportunity to deescalate the war. Painfully high energy and food prices also seem to have forced the West into looking for some agreement to bring an end to the war as well. Lastly, China's "Zero-Covid" policy is a final major hurdle for global growth. Lockdowns have been costly and resulted in large markdowns to economic growth. This comes as Xi Jinping is seeking to secure a 3rd term later this fall. Policy has become much more stimulative in recent months and the government is trying to ease Covid related restrictions to spur growth. If the market gets comfortable with any of these off-ramps materializing, we think a better policy environment would clear up visibility and pave the way for a stronger second half of the year. Time will tell. In the meantime, we take solace in the fact that Value continues to display leadership through this bear market, providing a nice tailwind to our strategy.

**Factor performance**




Source: Bloomberg, William O'Neill + Co. and Todd Asset Management as of 6/30/22

Above is our customary factor analysis that compares the performance of the best 200 and worst 200 companies within the TAM Global 1000 index (or the 500 largest companies in our international universe and S&P 500) for each of the 20 factors. Value and high dividend metrics topped the list, which was consistent with the outperformance over both indices. Several profitability and growth metrics lagged.

The outperformance in the second quarter was driven by both stock and sector selection. Our overweight in Energy and Consumer Staples, as well as an underweight in Technology, were big drivers of our performance in the quarter. Our stock selection in Industrials, Communication Services, Health Care, Information Technology and Industrials also helped as well. The only detractors of performance during the quarter were our stock selection in Financials and Utilities. From a regional perspective, our stock selection in the US, Europe and the UK accounted for most of the outperformance while our stock selection in Canada detracted from performance.

We remain overweight Energy, Consumer Staples and Financials. We also remain underweight Consumer Discretionary, Technology. Among regions, we are overweight Europe, Canada and the United Kingdom. We are underweight Emerging Markets and Japan. Given the global focus of this strategy, we are able to find income outside of traditional high yielding US sectors (i.e. Consumer Staples, Utilities, REITs, etc.) leading to a much more diversified portfolio.

Our top five contributors to performance during the quarter were General Mills, BAE Systems, Repsol, Philip Morris International and Pfizer. General Mills reported a very good quarter with strong pricing. BAE Systems also reported a good quarter with solid fundamentals. Repsol was helped by higher oil prices during the quarter. Philip Morris acquired Swedish Match and will help their smokeless division going forward. Pfizer was more of a defensive holding in a negative market.

Our worst five detractors from performance during the quarter were Broadcom, Citizens Financial, Altria Group, Sun Life and Manulife Financial. Broadcom acquired VM Ware and was also weak with other chip makers. Citizens Financial, Sun Life and Manulife Financial all suffered as concerns of the global economy entering a recession weighed on the stocks. Lastly, Altria Group suffered as the FDA took their Juul product off 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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Jack White, CFA,
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7/15/2022
MSCI ACWI (Net) – 589
MSCI ACWI Value (Net) – 217

***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

## GLOBAL INTRINSIC VALUE EQUITY INCOME 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. The compilation of information contained herein may reflect the views and opinions of TAM financial professionals at the time of creation which may change at any time without prior notification.**

Todd Asset Management LLC ("TAM") is a registered investment adviser. The performance presented represents a composite of fully discretionary accounts invested in a diversified portfolio of attractively valued domestic and international equity securities with a goal to seek dividend income along with growth of that income and capital appreciation. The international securities are internationally domiciled, US traded equity securities.

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 Global Intrinsic Value Equity Income Composite contains fully discretionary, taxable, and tax-exempt accounts that use the MSCI ACWI Index as the benchmark. The Composite does not include accounts with social restrictions. 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, 2021. 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 Global Intrinsic Value Equity Income Composite has been examined for the periods January 1, 2011 through December 31, 2021. 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 0.60% 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 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 (net) Index** is a float-adjusted market capitalization index that is designed to measure the equity market performance of developed and emerging markets.

**MSCI ACWI Value (net) Index** is a float-adjusted index of securities exhibiting overall value style characteristics across both developed and emerging markets. 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.