TODD
Asset Management

July 15, 2022
Intrinsic Value Team
Todd Asset Management

Todd Q2 2022 International Intrinsic Value Review

	2Q2022	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	-12.8%	-17.1%	-16.6%	4.0%	3.7%	3.0%	5.6%
(Net)	-13.0%	-17.5%	-17.4%	3.1%	2.9%	2.1%	4.7%
MSCI ACWI ex-US (Net)	-13.7%	-18.4%	-19.4%	1.4%	2.5%	2.9%	4.8%
MSCI ACWI ex-US Value (Net)	-11.9%	-11.8%	-12.8%	0.6%	1.2%	1.7%	3.8%

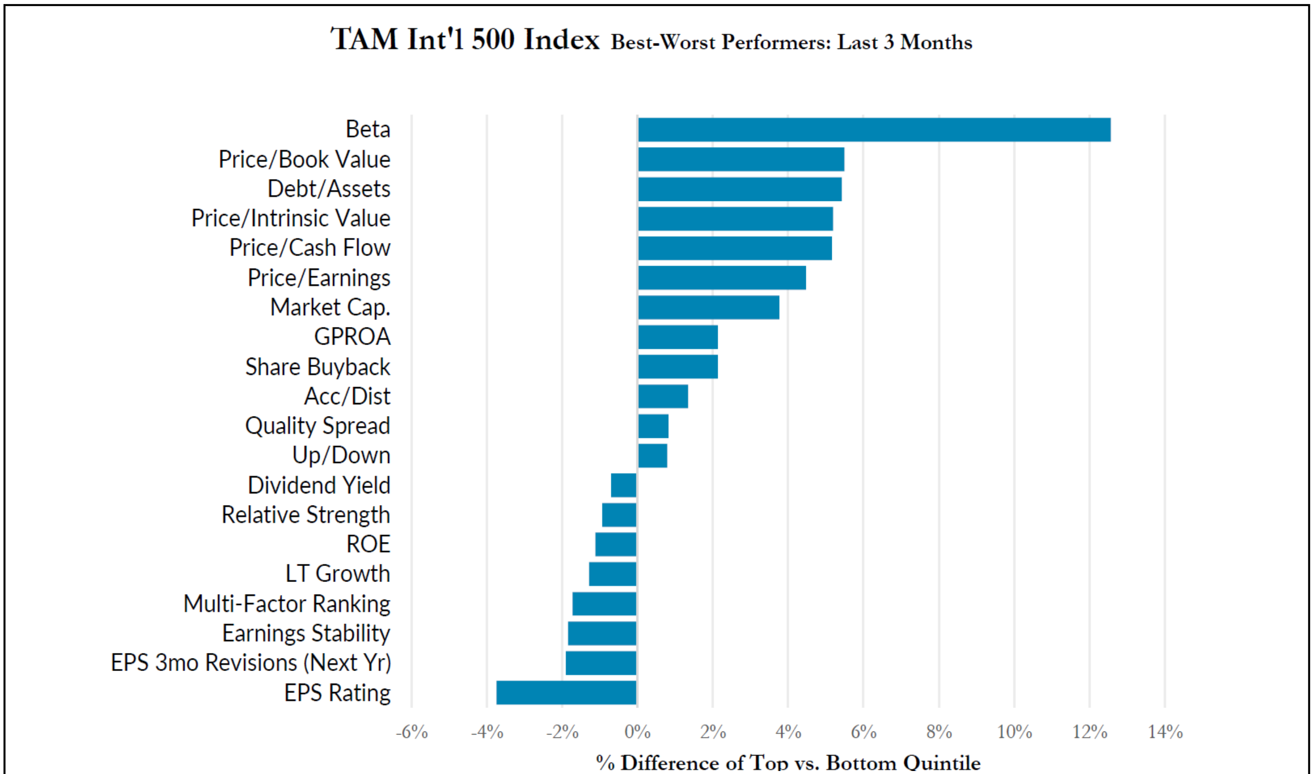
** Annualized Total Returns. Please refer to the attached Performance Disclosure for further information.*

<u>Performance Review</u>

Markets sold off sharply in June to close out one of the worst starts to a calendar year we have seen. Value continues to outperform Growth, though leadership has shifted to more defensive pockets and sectors within Value as recessionary fears weigh on sentiment. Our International IV strategy continued to outperform the ACWI ex-US for the quarter and remains ahead of the benchmark YTD and over 1yr, 3yr, 5yr and 10yr time frames (gross).

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, a number of important components of the global inflation basket have materially weakened in recent months (most notably commodity prices) which gives 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

Our customary factor attribution for Q2 2022 is presented above. This chart measures the performance of the best 100 stocks versus the least attractive 100 stocks within the largest 500 international stocks in our database, ranked by factor over the past quarter. Low Beta, value support, low debt and higher quality companies have been in favor. Investors were distrustful of earnings measures and higher growth companies during the quarter. As uncertainty has risen, investors have sought the comfort of low volatility and better valuation. We find it somewhat surprising that investors did not seek out earnings stability and our multi-factor ranking during the quarter, but our disciplines have still performed well despite that.

When looking at performance attribution for the quarter, stock selection was responsible for all of our outperformance. Energy, Communication Services and Technology were the leading sectors, while Europe and Emerging Markets were our top performing Regions. Tight oil and gas markets and China's pivot to become more stimulative were sources of most of the strength in these groups. We remain overweight Developed Markets and underweight Emerging, though we have recently increased our weighting in China modestly. We have also been adding to Energy and

Healthcare in recent months. The largest sectors and regions that detracted from performance in the quarter were Consumer Staples, Healthcare, Japan and the UK.

All our Chinese domiciled names ranked toward the top of the performance list this quarter as investors became encouraged by the stimulative measures being taken by Chinese authorities to stimulate growth (i.e. infrastructure spending announcements, resolution to Tech sector regulations, easing of "Zero-Covid" protocols, etc.). Oil and gas prices remained firm through most of the quarter as well, supporting our Energy names. The top five performers for the quarter were Naspers, ZTO Express, Repsol, Baidu and TotalEnergies. Naspers (and subsidiary Prosus) announced a share repurchase program (funded by the sale of Tencent shares) in an effort to close the ~30% discount from the group's underlying NAV, which lifted shares in June. While volume growth has slowed, ZTO continues to gain market share while pricing remains firm. Stable pricing is a welcome reprieve from the price competition we've experienced in prior quarters. While energy prices have softened over the past month, oil prices rose through most of the quarter with brent topping out around $125/bbl. in mid-June lifting shares of most energy companies. Persistently high energy prices are allowing Repsol and TotalEnergies to generate a tremendous amount of Free CF that is further strengthening their balance sheet, boosting their shareholder return profile and providing funds to accelerate their energy transition plans. Finally, cost control efforts have been more meaningful than expected for Baidu which pushed operating margins well above consensus when the company reported results in May. Baidu's autonomous driving unit and Cloud business were also highlighted by strong momentum in the quarter.

Our worst performers were mostly economically sensitive names that sold off as recessionary risks became heightened. The bottom five names were Tokyo Electron, Ashtead, Anglo American, Rio Tinto and Vale. Concerns over rising inventory levels and weakening demand for handsets and other consumer electronics caused shares of Tokyo Electron to sell off in June. Ashtead's US Sunbelt equipment rental business is highly correlated to construction activity, where headwinds from higher rates and inflation are dampening the outlook. Commodity and metals prices fell sharply in June on recessionary fears and the prospect for weaker construction activity stemming from higher interest rates. This weighed on all our Materials names. Anglo American's palladium exposure (used in catalytic converters) ties it more closely to the auto end market where supply disruptions continue to weigh on a production recovery. Concerns over renewed Covid lockdowns in China also weighed on metals pricing, particularly iron ore and copper which were off more than -20% in June. This weighed on Rio Tinto and Vale.

Bear markets are difficult in ordinary times, like when an excess is clearly visible, and economies are working it off. This bear market is more difficult than most as investors are anticipating a stagflation environment where a recession is accompanied by significantly tighter policies. Inflation is running hot, which has most Developed Market central banks on edge and seeking to normalize rates. We believe inflation could be peaking and could decline in the second half, which would lessen the urgency of those rate moves and could lead to some better sentiment for the markets. For now, investors seem to be waiting to see if a recession develops or inflation remains high. Bond markets have already done a lot of the heavy lifting for the central banks though and if off-ramps develop for the war-related inflation concerns, Central Bank anxiety, or zero-Covid shutdowns, markets could be in for a better second half. Until then, the pressure remains on stocks to prove they can work through the current issues. We believe investors should make sure they are positioned in the new market leadership, which is value stocks. Macro trends favor rates remaining higher post Covid, which has pressured the more expensive growth stocks and caused a cycle change. When markets eventually recover, we believe the Value style should be the leadership for the next several years.

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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7/15/2022
MSCI ACWI ex-US (Net) – 267
MSCI ACWI ex-US Value (Net) – 147

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.

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 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, 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 International Intrinsic Value 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, 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 0.80% applied monthly. Prior to January 2007, the management fee schedule applied to the composite was 0.60%. 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 benchmarks. The index is unmanaged, and not available for direct investment; it includes reinvestment of dividends; it does not reflect management fees or transaction costs. The volatility of the index and a client account will not be the same. MSCI ACWI ex-U.S. (net) 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 considers the impact of tax withholdings on dividend income.

MSCI ACWI ex-US 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.