July 18, 2023
Intrinsic Value Team
Todd Asset Management

Todd Q2 2023 International Intrinsic Value Review

	2Q2023	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	3.15%	8.34%	16.06%	10.95%	5.13%	7.61%	5.66%
International Intrinsic Value (Net)	2.94%	7.89%	15.10%	10.02%	4.25%	6.71%	4.78%
MSCI ACWI ex-US (Net)	2.44%	9.47%	12.71%	7.22%	3.52%	6.32%	4.75%
MSCI ACWI ex-US Value (Net)	2.96%	8.27%	12.19%	10.42%	2.65%	5.70%	3.70%

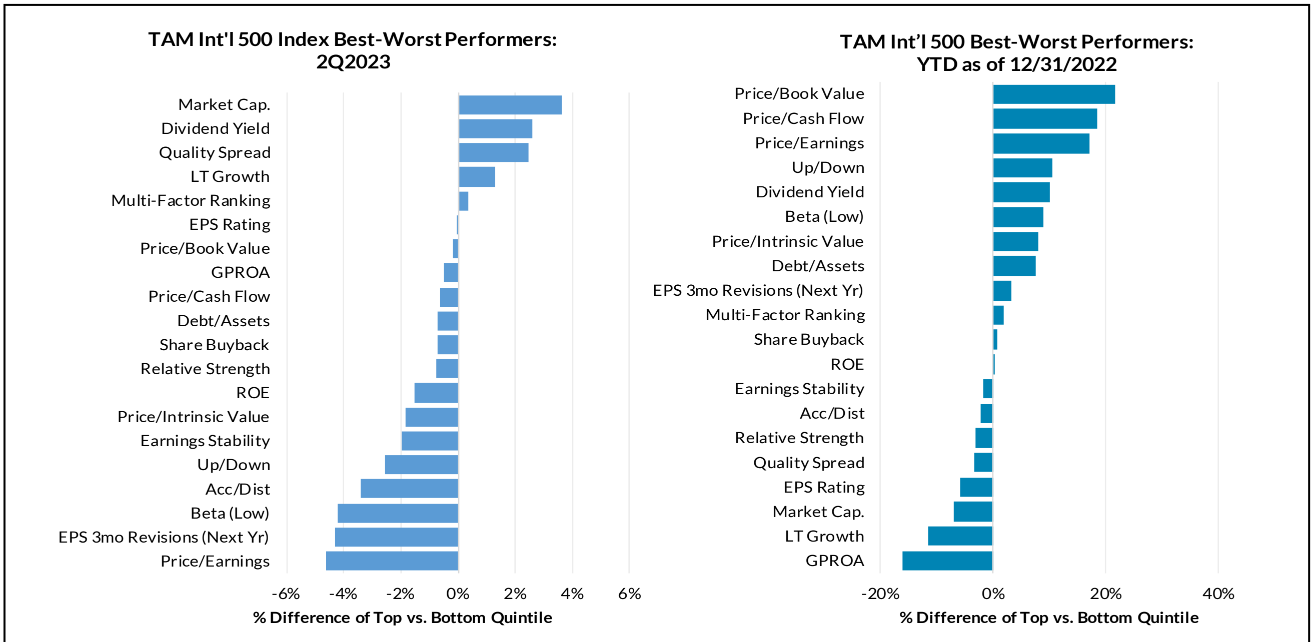
* *Annualized Total Returns. Please refer to the attached Performance Disclosure for further information.*

Performance Review

We entered this year with a near unanimous call from consensus for a recession in 2023. Banking sector turmoil in March gave this forecast more credence and the recession trade got pulled forward. You didn't see it much at the index level, but our factor work showed a big shift in market internals as Value metrics materially underperformed in March, April and May. Our strategy lagged during this phase going from +2% ahead of the index in late February to -6% or so behind through early May. Our relative performance bottomed in early May and finished the quarter having recovered most of the ground that was lost year-to-date as economic growth expectations improved.

Overwhelming consensus is rarely rewarded in this business and that is proving true again this year. While we pulled forward recessionary forecasts in the first half of 2023, analysts are now pushing out that forecast into 2024 and beyond. The market, in its infinite wisdom, seems to be confirming lower immediate recession risks as well. Interest rates have increased and are approaching highs for the year in most developed markets. The Dollar just traded to 52-week lows following a better US CPI print. We can also see a number of foreign country indices at or near all time highs (e.g. Japan's Nikkei, German DAX, French CAC 40, etc.). This is likely reflective of both higher policy rates and better near term growth prospects. Economic data continues to send conflicting signals. The manufacturing sector globally is weak with most PMI readings in contractionary territory while services sectors are largely ok. Economic activity really hasn't been synchronous since the pandemic and that may simply be what we're seeing. Goods and manufacturing ran hot into last year as supply chain issues remained prevalent. Now that those pressures are abating, we are seeing more destocking and inventory adjustments which have led to the current soft patch. Services industries took longer to get up to speed through the pandemic. The other dynamic that challenged the recession call was an underappreciation for the amount of stimulus and liquidity that remains in the system from growth boosting initiatives announced during the heart of the pandemic. Yes, policy tightening has been significant over the past year. However most economies are still sitting on excess savings and liquidity, likely offsetting the impact of higher rates more than economists expected. This isn't to say we've sidestepped a recession, however the markets seem to have over played the recession card this year. Earnings season again will be telling to see if we continue to reprice a lower immediate risk of recession as we move through the second half of the year.

Factor Performance[1]



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

Our factor work showed a broadening out in the month of June from what had been a very narrow set of metrics that were working. Year-to-date through the end of May, only 2 factors (LT Growth and Quality Spread) had any meaningful amount of outperformance while most Value metrics lagged. This changed in June as imminent recession expectations were pushed out leading to more participation from Value, Yield and our Multi-Factor Ranking. Historically, our factor work has a tendency to narrow when uncertainty gets elevated, recessions get priced in and fundamentals become a bit disconnected from reality. This is usually short lived and we were happy to see investor preference broaden out last month.

Regionally, our outperformance was broad based with the UK serving as the only geography that detracted. Japan, Pacific ex-Japan and Europe were our best performing areas largely as a result of good stock selection. Japan has been a recent area of emphasis for the strategy and we now hold a ~2% overweight in Japan for the first time since the inception of the product back in 2005. The Nikkei continues to break out to multi-decade highs with many companies seeing fundamental momentum from supply chain reorientation out of China and digital/efficiency initiatives that are improving margins. Our discipline is picking up on this shift and highlighting more names in this area. From a sector perspective, outperformance was pretty broad based as well. Financials, Industrials, Communication Services and Energy were our top performers. Banks internationally have performed much better than their US counterparts. Our Industrial names are also bucking the signals from manufacturing PMI and continue to see solid order backlogs and business trends. Discretionary and Materials were our two worst sectors. Softness in the Chinese economy was largely to blame for underperformance in these areas. Health Care also detracted.

Our top 5 performers for the quarter were Petrobras, Itochu, Itau, Tokyo Electron and ING Groep. Shares of Petrobras have outperformed this year as policy proposals from the new management team around pricing, capital spending and dividend policy have been much more balanced than most investors feared. This has reoriented focus back on free cash flow generation, which remains very robust. Itochu is one of a number of Japanese companies that are breaking out to new multi-decade highs. The company posted record profits during the quarter driven by their Machinery, Energy and Materials businesses. Management also increased their guidance for shareholder returns. Itau posted reassuring results that showed no evidence of a credit crunch in Brazil as loan growth (consumer and corporate), higher policy rates and cost controls all drove income +15% year-over-year. Electric Vehicle demand and increased expectations for the adoption of artificial intelligence in a variety of industries lifted sentiment for semiconductor names like Tokyo Electron. ING Groep delivered better than expected net interest income and costs in the quarter as the bank is still a net beneficiary of higher interest rates. Management also announced a €1.5B share repurchase (equivalent to approx. +3% of share) which raised expectations for more shareholder returns this year.

Our worst 5 performers were JD.com, Jazz Pharmaceuticals, Vale, Alibaba and ZTO Express. China is overrepresented in our bottom 5 as growth has underwhelmed in recent months leaving most holding out hope for more substantial stimulus measures in the second half of the year. Weaker consumption broadly weighed on sentiment for Chinese equities. Heightened geopolitical tensions (e.g. spy balloon, Taiwan, additional semiconductor chip restrictions, etc.) also didn't help. Shares of JD.com sold off during the quarter due to concerns that increased spending and price competition could weigh profitability. Jazz Pharmaceuticals has been weak as investors have become more anxious about increased competition against their narcolepsy drug lineup, raising questions from analysts about their mid-term revenue and margins targets. Iron ore sales at Vale missed expectations during the quarter due to inventory restocking and weaker prices which led earnings estimates to come down for 2023. Following a temporary run after announcing in March that the company will break up into 6 separate entities, shares sold off again as disappointing consumer activity in China and competitive concerns return to the forefront in investors' minds. Finally, ZTO Express rounds out our bottom 5 as the third Chinese name in the group. The company actually posted better than expected results in the quarter, however investors remain concerned about competition leading to pricing pressure in the shipping industry.

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,
Jack Holden, CFA
Shaun Siers, CFA

07/18/23
MSCI ACWI ex-US (Net) – 282
MSCI ACWI ex-US Value (Net) – 280

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.

1. TAM Int'l 500 Index is a list of the 500 largest US listed international companies by market cap. This list is used for factor analysis where the index is ranked/sorted by a certain factor then divided into quintiles. Returns are then calculated on a monthly basis for each quintile.

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.

Specific stocks discussed 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. 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. There is no guarantee that any forward-looking opinions will occur.

Todd Asset Management LLC ("TAM") is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. 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, 2022. 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, 2022. 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. The volatility of the index and a client account will not be the same.

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 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.

Risks - Investments involve varying degrees of risk, and there can be no assurance that this product is suitable or profitable for your investment portfolio. The IIV product is designed for long-term investors, who are willing to accept short-term market price fluctuations. There are general and market risks involved in this product, along with the risks of ownership in a foreign security (ADR, or similar securities) including political instability, confiscation of property, reduced legal protection, market liquidity, and adverse changes in currency exchange rates. Investing in emerging market securities can magnify these risks due to their smaller economies. There are times the overall market may not favor value-style investing, and it is possible the intrinsic value of the underlying stocks may never be realized.

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or crediting any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).