Todd Q2 2024 Global Intrinsic Value Equity Income Review

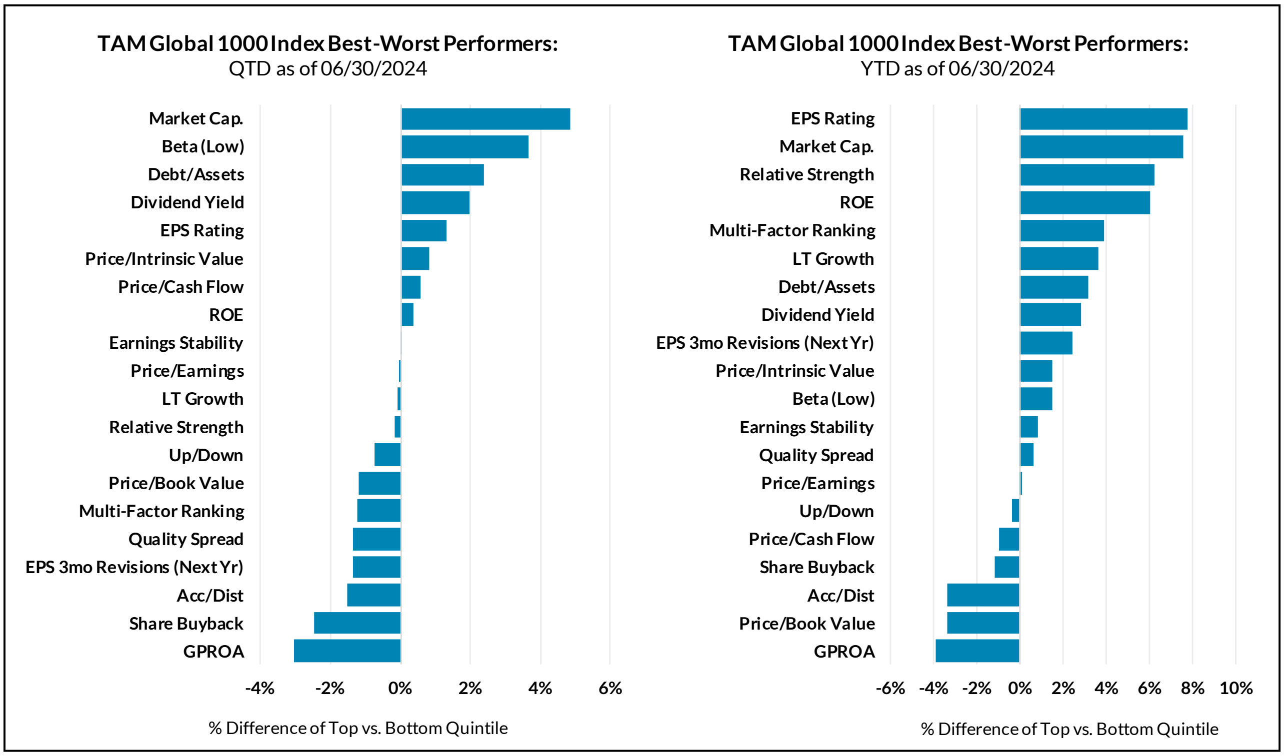
	2Q2024	YTD	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
GIVEI (Gross)	-0.67%	6.20%	13.67%	6.89%	7.37%	6.61%	5.71%
(Net)	-0.82%	5.88%	13.00%	6.26%	6.73%	5.97%	5.09%
MSCI ACWI (Net)	2.87%	11.30%	19.38%	5.43%	10.75%	10.02%	8.43%
MSCI ACWI Value (Net)	-0.59%	6.22%	13.93%	4.79%	7.03%	6.41%	5.39%

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

Our GIVEI strategy underperformed the MSCI ACWI (Net) index and is approximately in-line with the MSCI ACWI Value (Net) index for the quarter. The strong growth orientation and the narrow market in the US made for difficult comparisons versus the global indexes. The current yield at the end of the quarter was 5.5% versus the ACWI yield of 1.9%.

Normalization was a major topic in our last quarterly letter as we noted inflation and policy rates in most of the developed world were becoming less restrictive. This continued in the second quarter as the ECB (European Central Bank) started its rate cutting cycle in early June and longer-term Japanese interest rates continued to move higher into positive territory. Policy easing/normalization has historically been positive for stock returns over the next 12 months, as we've illustrated in the past. However, investor concerns started to accumulate in the last few weeks of June as several soft economic data readings raised questions around the self-sustaining momentum of global growth. These concerns are more observable below the surface as most major country indices continue to trade at or near all-time highs. We witnessed more selectivity from investors in June as Technology was a disproportionate outperformer among sectors (up nearly 9% while most other sectors were down -2% or -3%). As we will highlight in the factor attribution section, the largest names also handily outperformed the rest of the universe. One common denominator among these narrow observations is the AI trade. This has led to large dispersions in the US with the Nasdaq dramatically outperforming the rest of the market this year as growth expectations increased for many of the early beneficiaries of AI.

Factor Performance[1]



Many of the Value metrics along with Large Market Cap and Dividend Yield outperformed in the quarter. Quality measures along with several Technical metrics (Relative Strength, Up/Dow and Accumulation/Distribution) ranked at the bottom of the list. The Large Market Cap performance coincided with a narrowing of the market in the last few weeks of the quarter that saw the largest names in both the US and international universes outperform on macro and political uncertainty.

Performance Attribution

The underperformance in the second quarter was two thirds driven by sector selection and one third driven by stock selection. Stock selection in Communication Services, Financials and Materials were big drivers of our underperformance in the quarter as was our underweight in Technology. Our stock selection in Consumer Staples and Industrials offset some of the underperformance. From a regional perspective, our stock selection in Europe and the US accounted for all of the underperformance during the quarter.

We remain overweight Energy, Financials and Materials. We also remain underweight Consumer Discretionary, Technology. Among regions, we are overweight Europe, Canada and the United Kingdom. We are underweight Emerging Markets, the US 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.).

Our top five contributors to performance during the quarter were Lenovo, MMM, Philip Morris, Omega Healthcare and Manulife. Lenovo reported a strong quarter and said AI PC's order pipeline grew to over $7 billion. MMM is in the midst of a significant turnaround with a complete management shakeup and new direction. Philip Morris reported and strong beat and raise in the quarter due to increased pricing. Similarly, OHI reported a strong beat and raise with operating metrics moving in the right direction. Manulife reported strong core results across all their main segments.

Our worst five detractors from performance during the quarter were Orange, SunLife, Bank of Nova Scotia, Dow, and LyondellBasell. Orange saw weakness as pricing pressures surfaced from France's number 2 Telecom company as well as uncertainty around elections. Sun Life missed on their quarterly earnings on higher mortality rates along with higher asset management expenses. Bank of Nova Scotia did not raise their dividend for the first time in over 10 years on concerns over consumer weakness trends. Dow held an investors day in mid May and investors were disappointed with their long term growth targets. LyondellBasell announced significant expenditures for maintenance turnarounds which are likely to affect its profit margins.

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
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Jack Holden, CFA
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07/17/2024
MSCI ACWI (Net) – 448
MSCI ACWI Value (Net) – 355

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. The TAM Global 1000 index is a combination of the 500 largest US listed international companies by market cap and the S&P 500. 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

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.

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 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, 2023. 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, 2023. 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. The volatility of the index and a client account will not be the same.

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. The net index considers the impact of tax withholdings on dividend income.

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 considers 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 GIVEI product is designed for long-term investors looking for dividend yield who are willing to accept short-term market price fluctuations. There are general and market risks involved in this product. There is no guarantee that the companies invested in will declare dividends in the future, or that the dividends declared will remain at current levels or increase over time. As a global product, risks of ownership in a foreign security (ADR, or similar securities) include 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. This strategy may result in a portfolio with concentration in economic sectors, as sector diversification is not part of the strategy guidelines. There are times the overall market may not favor value-style investing, and/or stocks with higher dividends, and it is possible the intrinsic value of the underlying stocks may never be realized.