

Todd Q3 2020 Global Intrinsic Value Equity Income Review

	3Q 2020	YTD	1 Year	3 Years*	5 Years*	7 Years*	Since Inception* (01/01/11)
GIVEI (Gross)	1.4%	-21.9%	-15.4%	-3.7%	3.6%	2.8%	6.0%
(Net)	1.3%	-22.2%	-15.9%	-4.3%	3.0%	2.2%	5.4%
MSCI ACWI (Net)	8.1%	1.4%	10.4%	7.1%	10.3%	7.8%	7.9%
MSCI ACWI Value (Net)	4.0%	-14.5%	-8.0%	-1.2%	5.0%	3.4%	4.6%

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

Performance Review

The GIVEI (gross) strategy underperformed the MSCI ACWI during the quarter by -6.7% and the MSCI ACWI Value index by -2.6%. High dividend yield stocks continue to be one of the weakest parts of the market. As can be seen by the chart below, Global High Dividend stocks relative underperformance versus the market has accelerated, especially since the bear market earlier this year. As a matter of fact, this is the first bear market in our lifetime, where higher yielding stocks did not protect in a down market. The primary reason for this is all COVID-19 related. The pandemic forced shutdowns, which in turn forced companies to suspend or cut dividends in an attempt to save cash. The lingering effect of the shutdown reactions has hurt investor confidence in any high yielding stocks, fearing they could cut their dividend at any time. Time will bring confidence back and we believe there is tremendous value in this segment of the market, but demand for these stocks will most likely not return until we get better short term testing and/or a vaccine.

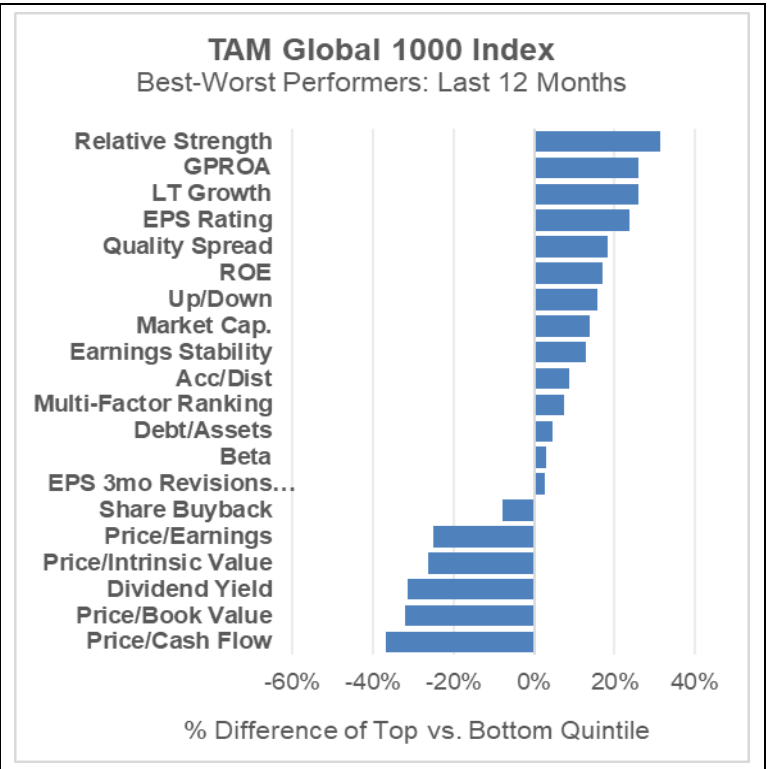
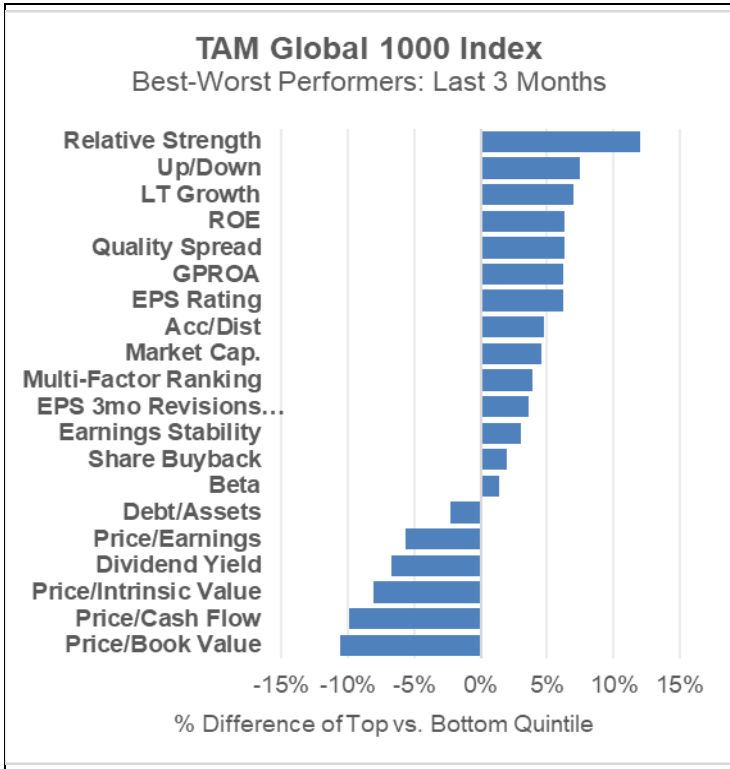
The yield on the portfolio continues to be generous, standing at 5.3% at the end of the third quarter. We only had one stock suspend their dividend in the third quarter, which is a stark difference from last quarter. We are comfortable with the current yield of the stocks we own in the portfolio and believe we should recapture some of the lost performance we have seen over the last couple of quarters.

Global High Dividend Relative Performance



Factor Performance

As we've become accustomed to highlighting for the past few quarters, the spread between Growth and Value continues to widen. The ACWI ex-US Value underperformed the ACWI ex-US Growth by -8% for the quarter, bringing the **YTD underperformance of Value vs. Growth to -25%**. This is as dramatic as we can remember. Importantly for this strategy, higher dividend yielding stocks continue to underperform lower dividend yielding stocks for the quarter and for the last 9 months. For the quarter, the highest yielding stocks underperformed the lowest yielding stocks by approximately 7%. For the last 9 months of the year, that underperformance was over 30%, making it very hard for income oriented strategies to compete with the broader indexes.



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

The underperformance in the quarter was equally driven by our stock selection and sector allocation. Our overweight in Financials and Energy sectors contributed the majority of our underperformance for the quarter. We are overweight these two sectors as they offer a lot of opportunity for above average yields in the market. The Industrial sector was the only one that added value in the most recent quarter. From a regional perspective, U.S. and Emerging Markets accounted for the majority of the underperformance. Pacific ex Japan and Japan were the two regions that added value in the quarter.

We remain overweight Financials, Energy and Consumer Staples. We also remain underweight Technology, Industrials, and Consumer Discretionary. Among regions, we are overweight the UK and Canada. 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 Broadcom, Eaton, Pfizer, Sun Life and Verizon. Broadcom and Verizon both continue to benefit from an increasing 5G smartphone cycle. Eaton reported a solid Q2 with impressive margin growth. Pfizer is a newer name to the portfolio and has one of the COVID vaccine potential candidates.

Our worst five detractors from performance during the quarter were Chevron, Lukoil, Abbvie, Allianz and Total. Three of these stocks, Chevron, Lukoil and Total are all in the energy sector and are suffering from the pandemic induced economic slowdown. Allianz reduced its dividend and was eliminated from the portfolio. Abbvie was a more defensive holding in an environment where concentrated FAANG stocks drove performance.

We continue to believe the global economy is in the early stages of a new economic expansion. There are certainly risks to this thesis. Lockdown measures have been easing for the past few months, but concerns over a second wave of Covid-19 may pause this. We will also await clarity around geopolitical events (US election, Brexit, etc.) and further stimulus (EU Recovery Fund). However, the massive amounts of global stimulus to date should be felt for years to come. We would expect a more sustained rotation into Value and cyclical names as investors become more convinced the economic cycle is on solid footing.

Please feel free to contact any of us for additional information.

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10/16/2020
MSCI ACWI (Net) - 295
MSCI ACWI Value (Net) -196

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.

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GLOBAL INTRINSIC VALUE EQUITY INCOME COMPOSITE DISCLOSURE

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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 quarterly 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 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, 2019. 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, 2019. A complete list and description of TAM composites and/or the verification and performance examination reports are available upon request by contacting TAM at 1-888-544-8633, or write Todd Asset Management LLC, 101 South Fifth Street, Suite 3100, Louisville, Kentucky 40202, or contact us through our Web site at www.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. **As of 12/31/17, the benchmark was changed to the MSCI ACWI (net) from MSCI ACWI (gross). The ACWI (net) is computed net of foreign tax withheld on dividends, this is consistent with the composite.**

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.

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