Todd Q3 2020 Intrinsic Value Opportunity Review

	3Q 2020	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
IV Opportunity (Gross)	7.4%	-10.4%	-0.8%	3.5%	4.5%	5.3%	9.4%
(Net)	7.2%	-11.0%	-1.6%	2.7%	3.6%	4.4%	8.5%
S&P 500	8.9%	5.6%	15.2%	12.3%	14.1%	12.7%	13.7%
Russell 1000 Value	5.6%	-11.6%	-5.0%	2.6%	7.7%	7.4%	10.0%

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

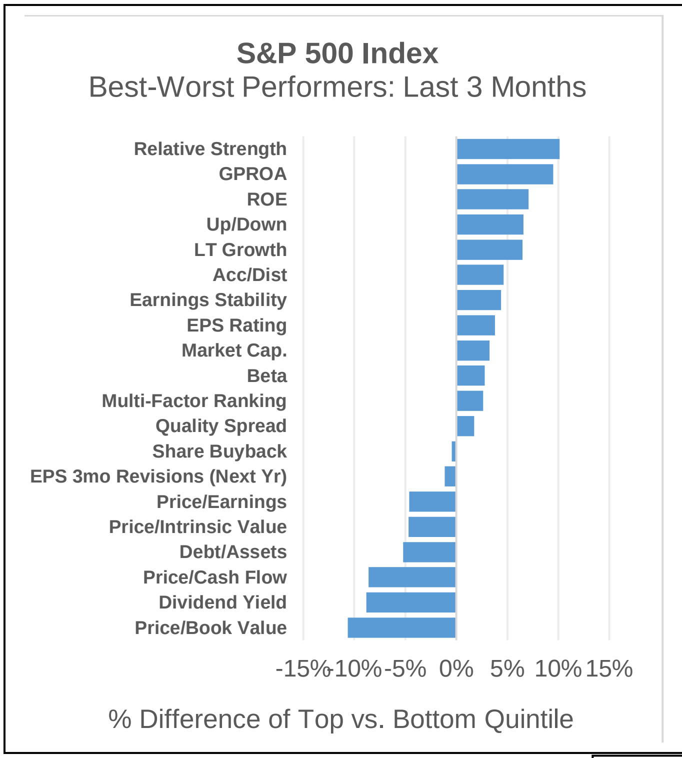
Performance Review

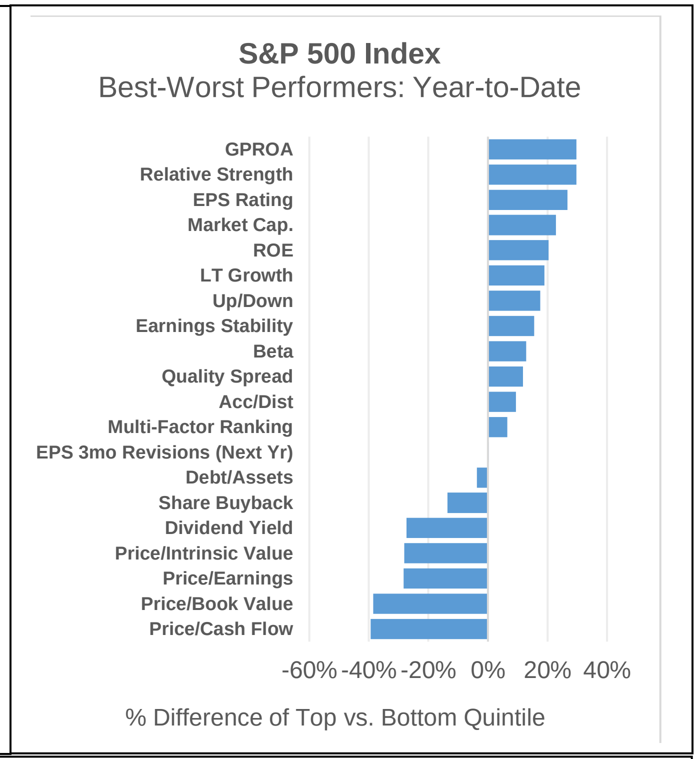
The Intrinsic Value Opportunity strategy outperformed the Russell 1000 Value during the 3rd quarter and underperformed the S&P 500. The economic recovery has been sharper than most expected. This has been largely driven by massive stimulus which kept personal income levels strong, benefitting many of the consumer plays in the portfolio. The deeper value nature of this strategy, which screens the universe for the most attractive third based on our Price-to-Intrinsic Value calculation, should benefit from an ongoing economic recovery as Value historically outperforms when growth is accelerating in the early stages of a new economic cycle. However, Growth continues to outperform, suggesting that investors are skeptical and not yet convinced a new cycle has begun. From the market lows on March 23rd through quarter end, the IVO (gross) is ahead of both the S&P 500 (+2%) and Russell 1000 Value (+12%).

Despite the fact that markets are near all-time highs, there still seems to be a great deal of disbelief in the economic recovery as many are worried about a relapse. We continue to observe economic data that indicates the economy bottomed in April and has demonstrated a sharp recovery since then. Given that modest relapses should be expected along the way, we think a stair step shaped recovery from here is the most likely outcome. Fiscal and monetary stimulus have been massive and tend to impact the economy with a lag. This paired with the fact that inventories have been worked down and likely need rebuilding should help to keep the economy on sustainable footing for some time. This should benefit the portfolio's positioning, which continues to favor more deeply cyclical areas like Retail, Semiconductors and Industrials.

Stock selection and our sector allocation both equally contributed to our underperformance against the S&P 500. Our best performers for the quarter were consumer related names in Discretionary which benefitted from historically low mortgage rates and buoyant discretionary incomes. Positioning in Industrials and Real Estate were also additive to performance. Technology was our largest headwind for the quarter, driven by several hardware names that have had disappointing uptake of new products as Covid-19 related uncertainty has restrained IT spending in some end markets. Energy and Financials also weighed on performance as a lack of conviction in the economic cycle has weighed on sentiment in these economically sensitive sectors. Interestingly, these two sectors historically outperform when growth is accelerating both Globally and in the US. We think continued progress in the ongoing recovery will eventually support these sectors as we move past several geopolitical hurdles (i.e. US Election, Brexit, etc.) in the 4th quarter. Progress on testing or medical treatment for Covid-19 would also likely cause these sectors to perform better.

Factor performance





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

Factor commentary is very similar to last quarter as the spread between Growth and Value continues to widen. The Russell 1000 Value underperformed the Russell 1000 Growth by -8% for the quarter, bringing the **YTD underperformance of Value vs. Growth to -36%**. This is as dramatic as we can remember and is being fueled by heavy concentration in the largest names in the index. The weight of the top 5 names in the S&P 500 rose to as much as 24% of the index and represented and astonishing 38% of the Russell 1000 Growth in early September. Other factors to note were Quality related measures as well as our Multi-Factor Ranking, which were both additive this quarter.

Our top five contributors to performance during the quarter were DR Horton, Target, Qualcomm, Best Buy and Lowe's. DR Horton benefitted from generationally low mortgage rates which have fueled demand for the housing market, which has rebounded sharply from April levels. Resilient consumer incomes helped drive sales growth for Target during the 2nd quarter, specifically in their online channel which has performed especially well. Best Buy and Lowe's were beneficiaries of both of the dynamics mentioned above as consumer spending was also directed into the home for renovations and on new electronics. With more people working from home this should come as no surprise. Finally, Qualcomm announced a settlement and long-term licensing agreement with Huawei in late July. They have now resolved (and won) disputes with two of the largest smartphone manufacturers and are well positioned to benefit from 5G deployments.

Our worst five detractors from performance during the quarter were Citigroup, Zions Bancorp, AbbVie, Vertex Pharmaceuticals and NRG Energy. Shares of Citigroup sold off in mid-September after issuing disappointing guidance that saw reserves for bad debts continuing to increase in 3Q, which was contrary to expectations. Zions Bancorp sold off in tandem and, like other banks, continues to face headwinds from low rates which are pressuring net interest margins. AbbVie shares had performed well earlier this year through the initial phases of the pandemic, but sold off in the 3rd quarter over concerns around drug pricing and the potential for Congressional action before the election. These concerns also weighed on Vertex Pharmaceuticals, which makes several drugs that treat cystic fibrosis. NRG Energy, a utility company, continues to face weak pricing which is compressing margins.

We continue to believe the economy is in the early stages of a new economic expansion. There are certainly risks to this thesis, if a second Covid-19 wave forces a return to lockdowns or if political uncertainty lingers on after Election Day. However, further stimulus is likely down the road (specifically for parts of the economy that are at the epicenter of the pandemic). The deeper value nature of the strategy should benefit from the rotation that typically occurs in the initial stages of an expansion. Performance needs to broaden out from the narrow, Growth dominated areas that have led in recent years. Better, more available testing and/or medical treatments would dramatically improve visibility and confidence in the cycle. This would in turn pave the way for a rotation in leadership.

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
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10/16/20
S&P 500 – 3,484
Russell 1000 Value – 1,215

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

INTRINSIC VALUE OPPORTUNITY 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 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 equity securities within the S&P 500 Index with the objective to seek capital appreciation. This goal is pursued by investing in a portfolio of securities that are in the least expensive third of the S&P 500 Index using a rules based process based on financial strength, profitability strength and market acceptance.

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 Intrinsic Value Opportunity Composite contains fully discretionary, taxable and tax-exempt accounts that use either the S&P 500 Index or the Russell 1000 Value Index as the benchmark. 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 Intrinsic Value Opportunity 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 transactions costs, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. From October 2009 to March 2014 the management fee schedule applied to the composite was 0.70%. Prior to October 2009, 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 benchmarks. The indexes are unmanaged, and not available for direct investment; they include reinvestment of dividends; they do not reflect management fees or transaction costs:

S&P 500 Index is a widely recognized index of market activity based on the aggregate performance of a selected portfolio of publicly traded common stocks. The performance data was supplied by Standard & Poor's. It is included to indicate the effect of general market conditions.

Russell 1000 Value Index is a widely recognized index of market activity based on the aggregate performance of common stocks from the Russell 1000 Index, with lower price-to-book ratios and lower forecasted growth values. The performance data was supplied by Frank Russell Trust Company.