

Todd Q3 2020 Large Cap Intrinsic Value Review

	3Q 2020	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	6.4%	-6.8%	4.3%	4.2%	9.0%	8.9%	10.7%
(Net)	6.3%	-7.3%	3.7%	3.6%	8.4%	8.3%	10.0%
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.

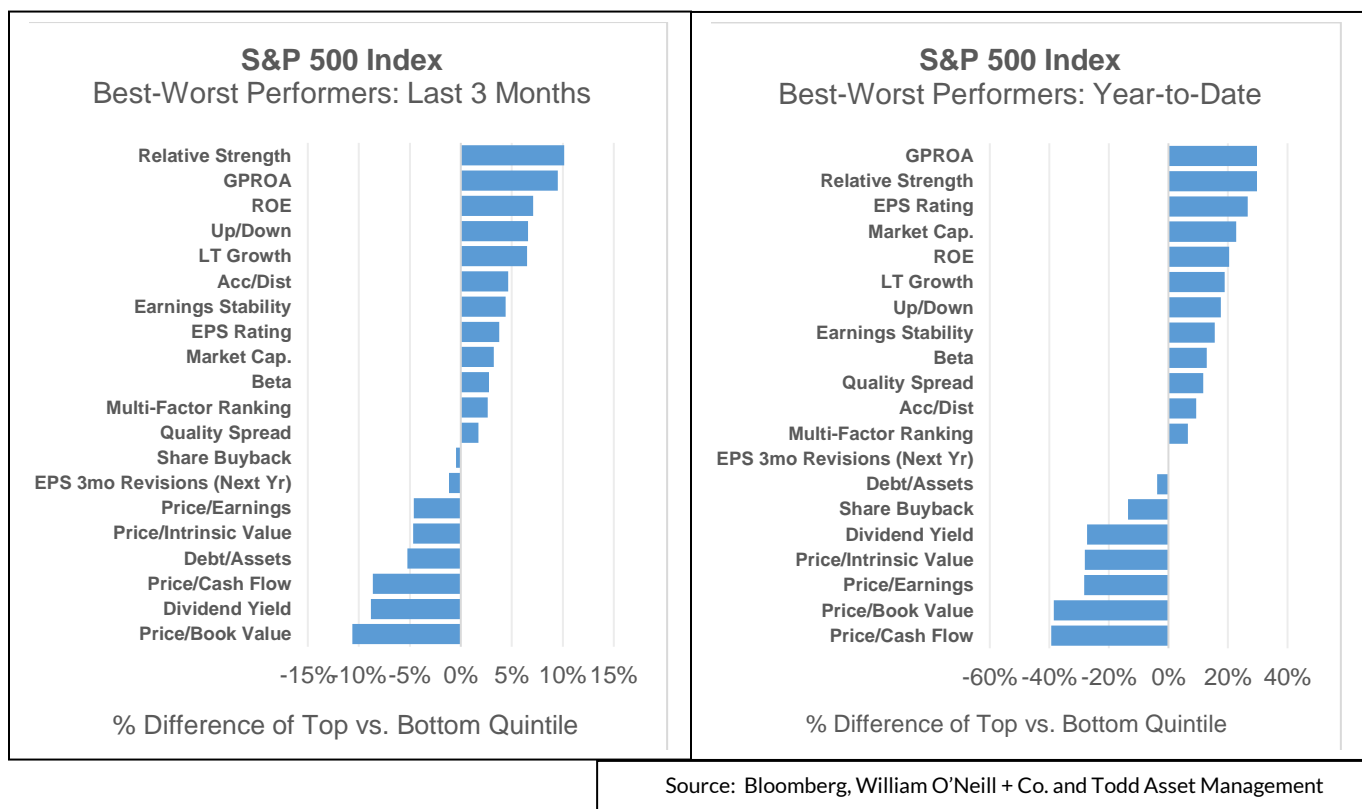
Performance Review

The LCIV strategy continued to outperform the Russell 1000 Value during the 3rd quarter as economic conditions improved, but underperformed the S&P 500. FANGMA names, or Mega-cap Growth stocks, had a blow-off run in August that weighed on performance against the S&P 500. From the market lows on March 23rd through quarter end, the LCIV (gross) is still ahead of both the S&P 500 (+2.6%) and Russell 1000 Value (+13%).

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. **If this is the case, the past five recoveries lasted an average of eight years and market gains averaged 250% over the life of the recovery.**

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 Apple, Putlegroup, NVR, Target and Aptiv. Apple shares outperformed with other large Tech names throughout the quarter as FANGMA continued to lead. Quarterly results also handily beat expectations on better devices sales in every region. Pultegroup and NVR both 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. Auto production continues to rebound strongly as inventory levels get restocked, which has

driven a recovery for Aptiv. They also continue to see content gains in new vehicles that are adopting more Active Safety features.

Our worst five detractors from performance during the quarter were Intel, Cisco, Phillips 66, Chevron and ConocoPhillips. Intel announced a delay of their 7nm chip due to production issues during the quarter. This conjured up bad memories from the delay of their 10nm chip in 2016 which took years to deliver, thus weighing on shares. Cisco gave bearish forward commentary on their earnings call as they see IT spending from Enterprise customers as being restrained in the pandemic. Finally, low oil prices and production levels weighed on our Energy names Phillips 66, Chevron and ConocoPhillips. Fears of a second wave and weak demand added further pressure to shares.

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 strategy should benefit from exposure to areas that typically outperform 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.

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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.

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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 tax-exempt fully discretionary intrinsic value accounts, invested primarily in large cap domestic equity securities with the objective to seek capital appreciation. This goal is pursued by investing in a diversified portfolio of equity securities that TAM believes are trading at a discount to their intrinsic value.

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 Large Cap Intrinsic Value Composite contains fully discretionary, tax-exempt accounts that use either the S&P 500 Index or Russell 1000 Value Index as the benchmark. Prior to April 1, 2010, this composite was known as the Relative Value 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, 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 Large Cap Intrinsic Value 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 .60% applied monthly. Prior to September 2001, the management fee schedule applied to the composite was .50%. 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.

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