

Todd Q3 2021 Global Intrinsic Value Equity Income Review

	3Q 2021	YTD	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
GIVEI (Gross)	-0.8%	14.6%	36.2%	3.9%	7.1%	5.5%	9.5%
(Net)	-1.0%	14.1%	35.4%	3.3%	6.5%	4.8%	8.8%
MSCI ACWI (Net)	-1.1%	11.1%	27.4%	12.6%	13.2%	10.0%	11.9%
MSCI ACWI Value (Net)	-1.4%	12.6%	31.3%	6.5%	8.4%	5.9%	8.9%

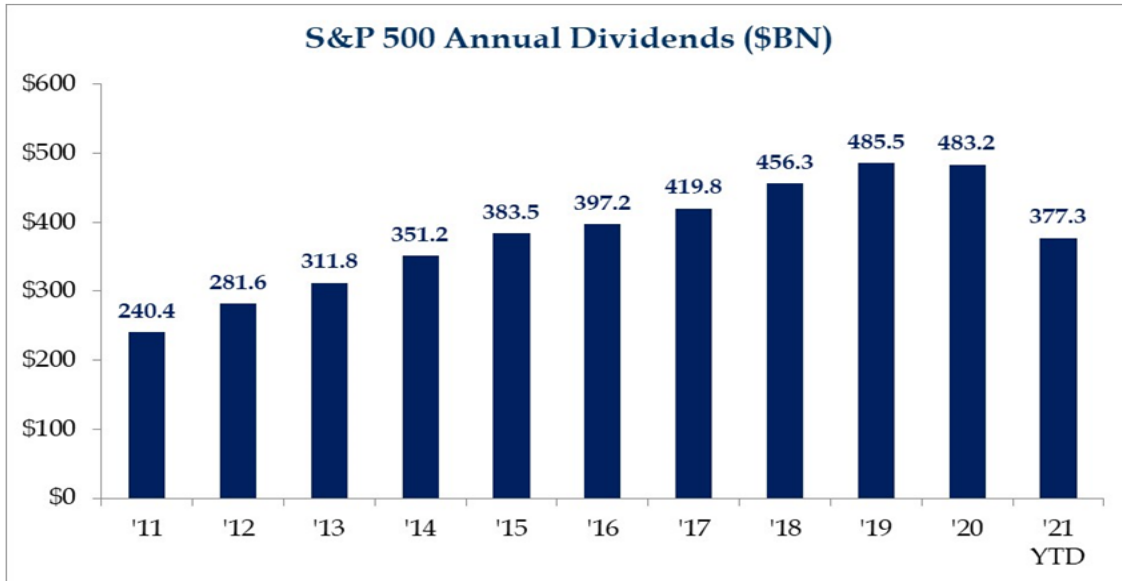
* Annualized Total Returns. Please refer to the attached Performance Disclosure for further information.

Performance Review

The GIVEI (gross) strategy outperformed the MSCI ACWI by +.3% and the MSCI ACWI Value by +.6% during the quarter. The strategy's YTD performance (gross) remains ahead indexes by 3.5% and 2.0% respectively. As of the end of the quarter, the dividend yield remained at 5.0%, which is where it began the quarter.

September delivered again on its reputation for bringing a slew of negative headlines. Concerns around supply chain issues, inflation, central banks tapering asset purchases (and some raising rates), the Chinese property market and regulatory overhaul, as well as the most recent Covid Delta wave led markets to post the first negative quarterly return since the start of the pandemic in 1Q2020. Interestingly, interest rates finished the quarter higher, reversing the decline we'd witnessed over the past few months. This rise was probably due to some combination of higher expectations for inflation, reopening or tapering. Activity certainly seems to have slowed in the third quarter, but as progress against the pandemic continues (e.g., ramping vaccinations in emerging markets and new Covid therapeutics like the Merck treatment) reopening should continue and reaccelerate growth expectations in coming quarters. Supply chain constraints could very well persist for some time but given the number of large infrastructure and spending initiatives being announced, demand should remain robust for some time as well. This dynamic may actually serve to lengthen the recovery as pent-up demand takes more time to get unleashed and inventories more time to rebuild.

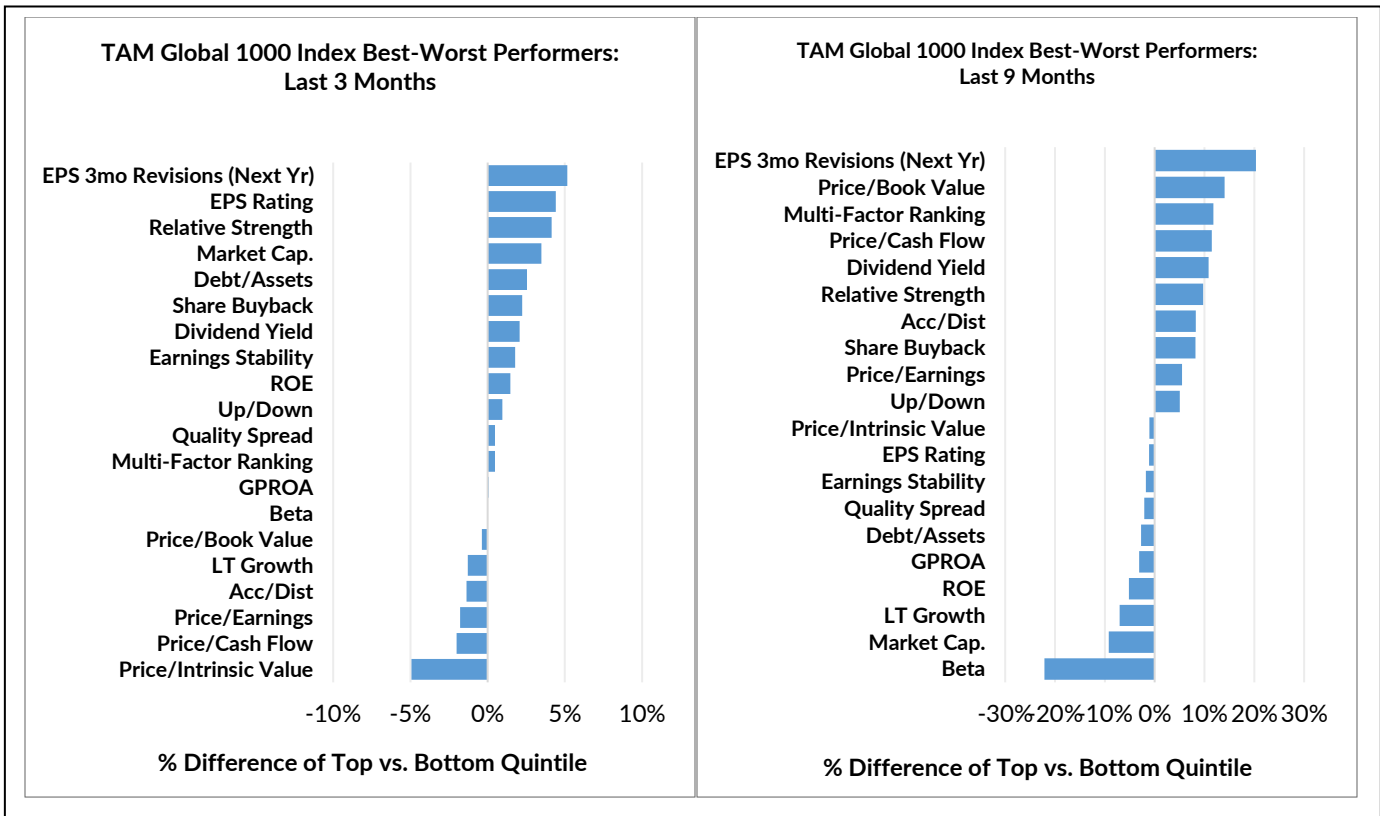
The chart below show that aggregate dividends paid in the S&P 500 index are on pace for a record year in 2021. During the first 3 quarters, companies have paid \$377 billion dollars, which is already near the 2019 high. Historically speaking, the fourth quarter has been the most robust quarter for dividend payments. This is good news for the GIVEI strategy as the US makes up approximately 55% of the MSCI ACWI index. Increasing dividends should continue to be a global theme as we move into 2022.



Source: Strategas

Factor performance

As can be seen in the left chart below, High Dividend Yields added slightly to performance while value factors detracted the most from performance for the last quarter. This relationship typically does not exist as these two groups of factors are strongly correlated (ie. Value stocks typically pay higher dividend yields). The right chart below shows the more normal relationship as both value and High Dividend Yields factors were some of the best performing factors YTD.



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

The slight outperformance in the third quarter was driven entirely by our sector allocation. Our overweight in Financials and underweight in Consumer Discretionary were the primary drivers of performance. Stock selection detracted from performance this quarter. Consumer Discretionary (Electrolux) and Real Estate (Omega Healthcare Investors) were the primary detractors. From a regional perspective, Emerging Markets and Canada accounted for the majority of the outperformance while Europe and the UK detracted from performance.

We remain overweight Financials, Energy and Consumer Staples. We also remain underweight Consumer Discretionary, Industrials, and Technology. Among regions, we are overweight Canada and the United Kingdom. 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 Pfizer, Sberbank, Huntington Bancorp, Total and Lukoil. Pfizer benefited from the COVID vaccine and the booster shot program while Sberbank is making progress on its E-commerce rollout and is likely to have a 7% plus dividend yield for the next couple of years. Lukoil and Total benefited from the strong rise in oil prices in the quarter while Huntington Bancorp benefited from the recovery in the banks during the quarter.

Our worst five detractors from performance during the quarter were Omega Healthcare, Electrolux, Allianz, LyondellBasell and National Grid. Omega Healthcare, Electrolux and Allianz all suffered as a result of a sloppy earnings reports. LyondellBasell's chairman is retiring but a successor has yet to be announced while National Grid had a fire at a converter station that will require time to be repaired. This will cost them some revenue.

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
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10/19/2021
MSCI ACWI (Net) – 739
MSCI ACWI Value (Net) – 252

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.

TAM Global 1000 Index is a list of the 500 largest US companies and 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.

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GLOBAL INTRINSIC VALUE EQUITY INCOME COMPOSITE DISCLOSURE

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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, 2020. 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, 2020. 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.

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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