

## Todd Q3 2022 Global Intrinsic Value Equity Income Review

	3Q2022	YTD	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
GIVEI (Gross)	-9.5%	-15.0%	-8.2%	1.9%	2.2%	5.9%	6.3%
(Net)	-9.6%	-15.4%	-8.8%	1.3%	1.6%	5.3%	5.6%
MSCI ACWI (Net)	-6.8%	-25.6%	-20.7%	3.8%	4.4%	7.4%	7.3%
MSCI ACWI Value (Net)	-7.7%	-19.1%	-14.0%	1.3%	1.7%	5.3%	5.4%

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

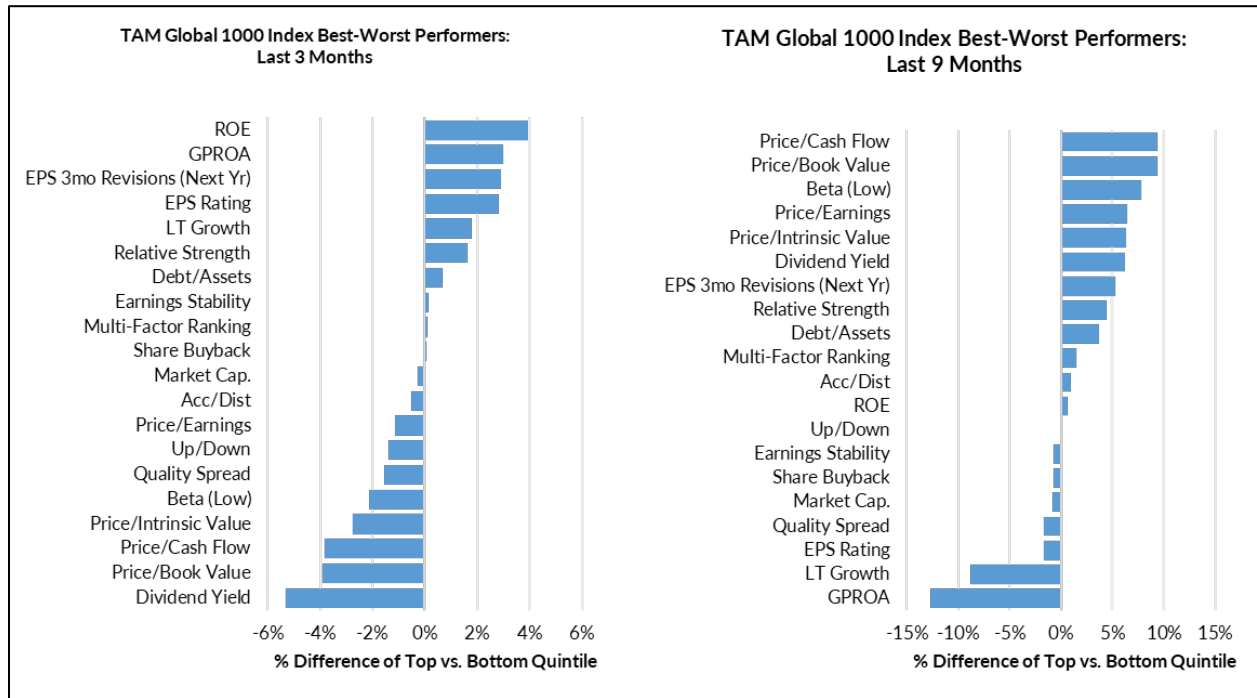
### Performance Review

Markets continued to sell off as growth concerns intensified and inflationary pressures remained. Our GIVEI strategy underperformed both indexes in the quarter and remains ahead year-to-date. The current yield at the end of the quarter was 5.6% versus the ACWI yield of 2.5%.

Last quarter we spoke to the various headwinds that were weighing on markets, including tightening central bank policy, war and China's 'Zero-Covid' policy. It felt as though investors were searching for potential off-ramps from each of these policy stances. Well... the search continues. Inflation readings continue to run hot forcing central banks to double down on their rapid tightening campaign. The Russia/Ukraine War has escalated in recent weeks with phony referendums in Russian controlled territories and the destruction of critical infrastructure (i.e. the bridge to Crimea and the Nord Stream pipeline). Despite some easing of restrictions, Xi Jinping continues to defend China's 'Zero-Covid' policy as the 20<sup>th</sup> Party Congress solidified his third term. As if those weren't enough, we also saw tensions flare in Taiwan after a visit from the highest ranking US official (Speaker Pelosi) in 25 years, OPEC cut oil production in an act of defiance to the US and the UK bond market rioted following newly elected PM Liz Truss's fiscal package causing interest rates to explode higher. This all kept a bid under the US dollar, which is at multi-decade highs against several major currencies. Fortunately, markets are discounting mechanisms and are already pricing in a recession. We think the potential for things to get less chaotic remains as central banks rapidly approach a peak (at least intermediately) in their policy rates, the UK is in the process of a policy U-turn to calm debt markets and stimulus/reopening in China remain underappreciated. Seasonally, markets typically act much better once we get through October. Forward returns have also been strong historically when markets are already off more than -30% and sentiment is extremely depressed. Ebbing tail risks would certainly help bring these historical analogs into play. It may be difficult to find reasons to be constructive and uncertainty is very high, however much of this is the result of a new regime we've entered that is being defined by higher rates and inflation. Two years into this new regime has seen Value emerge as leadership at the expense of Growth. We've found it to be more useful at the portfolio level to focus on this trend which continues to become entrenched.

Our factor attribution summary below showed a preference for profitability and earnings growth for the quarter. Several of the Value metrics and shareholder returns (yield, and buybacks) took a breather after having led for some time. Year-to-date the work below shows the new leadership

profile of Value/Dividend Yields and the underperformance of Growth metrics. Another interesting feature is the outperformance of Lower Beta, which is complementing all of the Value metrics we track. Signs of rotation have been plentiful over the past few years, but it was a few short years ago that Value was pegged as “High Beta” while Growth was prevalent in many “Low Vol.” baskets. This has changed as volatility seems to be a function of market preference for the cycle and this cycle looks to clearly have shifted to favor Value.



The underperformance in the third quarter was driven entirely by stock selection. Our stock selection in Energy, Communication Services, as well as Utilities were big drivers of our underperformance in the quarter. Our stock selection in Real Estate and overweight in Energy helped offset some of the underperformance. From a regional perspective, our stock selection in the US, Europe and the UK accounted for most of the underperformance while our sector selection Emerging Markets, and Japan (not having any exposure to either of them) helped offset the underperformance.

We remain overweight Energy, Consumer Staples and Financials. We also remain underweight Consumer Discretionary, Technology. Among regions, we are overweight Europe, 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 Omega Healthcare, Huntington Bancshares, Exxon Mobile, General Mills and Gilead Sciences. General Mills reported a very good quarter with strong pricing. Omega Healthcare has seen elective surgeries tick up while their

ability to hire professionals has eased significantly. Huntington Bancorp had an excellent quarter with strong net interest income and good cost controls. Exxon also had a good quarter with strong financials while increasing guidance. General Mills saw good pricing flow through to a better quarter and a raise in the second half guidance. Gilead Sciences saw an improvement in clinicals for both their HIV franchise as well as several cancer drugs.

Our worst five detractors from performance during the quarter were Orange, Verizon, National Grid, Repsol Energy and Bank of Nova Scotia. Orange, National Grid and Repsol Energy all saw the effects of rising energy costs due to the current energy crisis in Europe. Verizon had a mixed quarter and lowered guidance. Concerns are centering on the loss of wireless subscriptions. Lastly, Bank of Nova Scotia also had a messy quarter, specifically in their International Banking Segment.

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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10/18/2022  
MSCI ACWI (Net) – 298  
MSCI ACWI Value (Net) – 260

***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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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

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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, 2021. 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, 2021. 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](mailto: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:

**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. The net index takes into account the impact of tax withholdings on dividend income.

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