Todd Q3 2023 Global Intrinsic Value Equity Income Review

	3Q2023	YTD	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
GIVEI (Gross)	-0.14%	-1.08%	17.89%	13.80%	3.96%	6.21%	5.98%
(Net)	-0.29%	-1.53%	17.20%	13.13%	3.34%	5.58%	5.35%
MSCI ACWI (Net)	-3.40%	10.06%	20.80%	6.89%	6.46%	8.60%	7.56%
MSCI ACWI Value (Net)	-1.75%	2.42%	16.98%	9.72%	3.97%	6.01%	5.27%

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

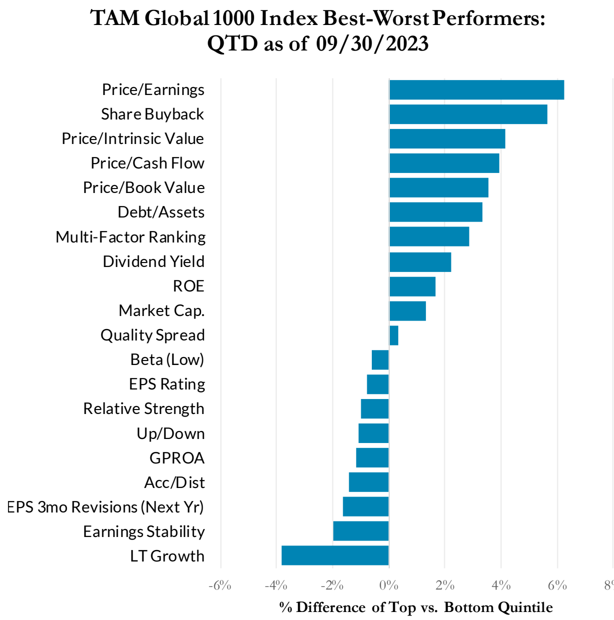
Performance Review

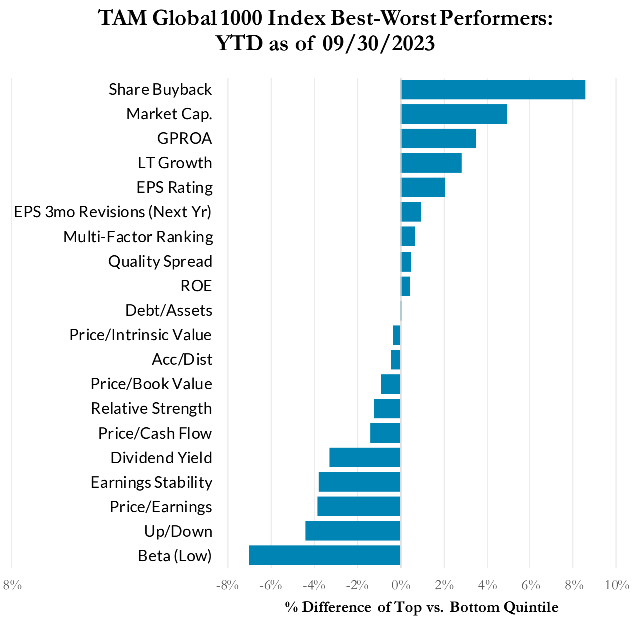
Our GIVEI strategy outperformed both indexes in the quarter but continues to underperform both indexes year to date. Higher Yielding Stocks outperformed Lower Yielding Stocks for the quarter, but the reverse is still true for the full year (see the factor analysis below). The current yield at the end of the quarter was 5.6% versus the ACWI yield of 2.2%.

In our last quarterly letter, we highlighted how markets were being forced to push out recessionary forecasts into next year as employment, profits and activity remained resilient despite building pressures from tighter policy. Soft PMI readings and the lack of bazooka stimulus out of China remain headwinds, although we are starting to see more green shoots on both of these fronts. Most developed market central banks have signaled that they've reached terminal policy rate levels and are set to pause for some time. Manufacturing PMI data, which have been in recessionary territory for some time look like they're trying to bottom in most regions. Historically, that has proven to be quite good for stock prices over the following year.

We now enter the 4th quarter with interest rates breaking out to new multi-year highs. Rates in the UK are back above levels we saw when the bond market vigilantes aggressively sold Gilts in the fall of 2022. Trying to distill the signal from this move seems to be a Catch-22. On one hand, given that inflation readings continue to move lower and more resilient economic activity has provided more cushion for central bankers to keep rates higher for longer, the signal is a positive one more driven by higher growth expectations. On the other hand, higher rates weigh on market multiples and raise the risk of something breaking in the economy. We've been getting conflicting signals from the market all year and it doesn't look like there is any reprieve on the horizon until we're ultimately able to answer the questions around a recession. Until then, we'll play the ball as it lies. The leadership we saw this quarter felt more like a normalization of market sentiment toward groups that suffered in the initial panic driven months after the collapse of Silicon Valley Bank. Our focus in recent quarters has been on several secular trends that all revolve around a new capital spending cycle in infrastructure, defense, energy, commodities, etc. The market has been very receptive to these areas and we are hopeful that continues through year end absent some major exogenous event.

Factor Performance[1]





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

Value metrics, Higher Dividend Yields, Share Buybacks and our Multi-Factor Ranking led the way this quarter. The move higher in interest rates seems to have reoriented the investor community back to paying attention to valuation. In this context, it is no surprise that Long-term Growth ranked at the bottom of the list as the worst performing metric in the quarter.

The outperformance in the third quarter was two thirds driven by stock selection and one third driven by sector selection. Stock selection in Real Estate, Information Tech and Healthcare were big drivers of our outperformance in the quarter as was our overweight in Energy. Our stock selection in Communication Services and Consumer Discretionary detracted from performance. From a regional perspective, our stock selection in Europe and the US accounted for all of the outperformance during the quarter.

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, the US 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.).

Our top five contributors to performance during the quarter were Total Energies, Repsol SA, Abbvie Inc, Omega Healthcare and Exxon Mobile. Total, Repsol and Exxon are all oil names and their prices increased as the price of WTI oil rose from $70 to $94 during the quarter. Abbvie had an earnings beat and raised guidance when they reported their second quarter earnings. Omega Healthcare is seeing higher admissions in their Skilled Nursing Facilities along with a more benign regulator environment.

Our worst five detractors from performance during the quarter were Walgreens Boots, Best Buy, Verizon Communications, Pfizer and Bank of Nova Scotia. Walgreens Boots had their long time CEO and board member will be leaving the company at the end of August. Best Buy declined on concerns of slower demand and weaker margins in the back half of the year. Verizon is dealing with the reality that revenue from new services isn't quite large enough to offset the drag from legacy products. Pfizer continues to suffer from the hangover from the strength of their covid vaccine franchise over the last couple of years. Bank of Nova Scotia suffered from a slowing in the overseas franchise as a result from higher provisions and pressures on efficiency improvements.

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
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10/18/2023
MSCI ACWI (Net) – 349
MSCI ACWI Value (Net) – 296

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.

1. 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

GLOBAL INTRINSIC VALUE EQUITY INCOME 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.

Specific stocks discussed are included to help demonstrate the investment process or, as a review of the Composite's 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. The compilation of information contained herein may reflect the views and opinions of TAM financial professionals at the time of creation which may change at any time without prior notification. There is no guarantee that any forward-looking opinions will occur.

Todd Asset Management LLC ("TAM") is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. 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, 2022. 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, 2022. 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. The net index considers the impact of tax withholdings on dividend income.

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 considers the impact of tax withholdings on dividend income.

Risks - Investments involve varying degrees of risk, and there can be no assurance that this product is suitable or profitable for your investment portfolio. The GIVEI product is designed for long-term investors looking for dividend yield who are willing to accept short-term market price fluctuations. There are general and market risks involved in this product. There is no guarantee that the companies invested in will declare dividends in the future, or that the dividends declared will remain at current levels or increase over time. As a global product, risks of ownership in a foreign security (ADR, or similar securities) include political instability, confiscation of property, reduced legal protection, market liquidity, and adverse changes in currency exchange rates. Investing in emerging market securities can magnify these risks due to their smaller economies. This strategy may result in a portfolio with concentration in economic sectors, as sector diversification is not part of the strategy guidelines. There are times the overall market may not favor value-style investing, and/or stocks with higher dividends, and it is possible the intrinsic value of the underlying stocks may never be realized.