

Todd Q4 2019 International Intrinsic Value Review

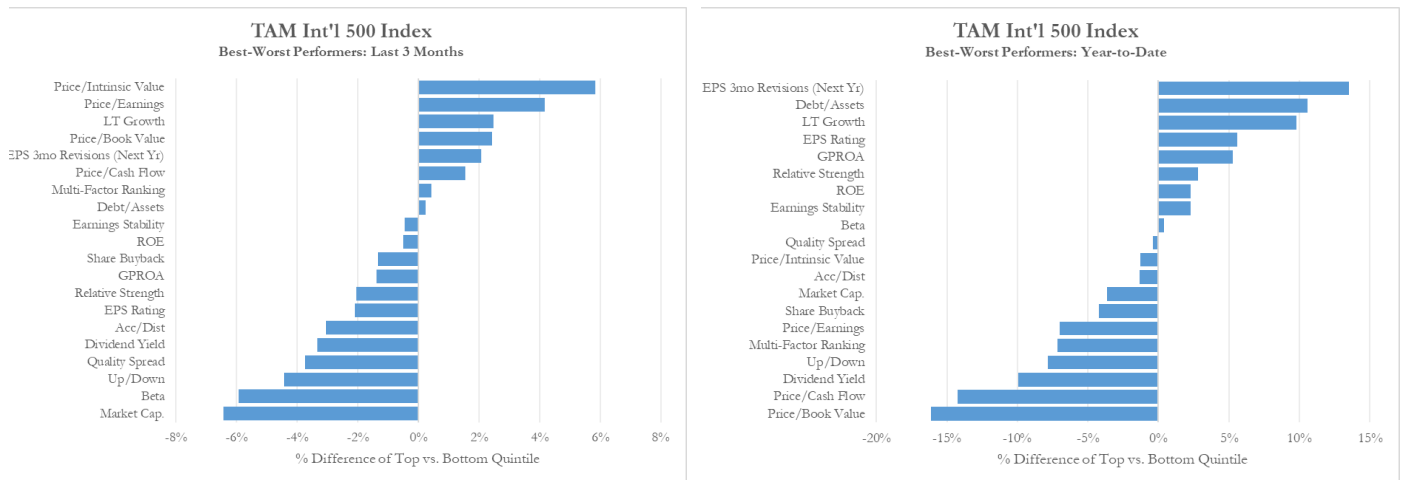
	4Q 2019	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	11.1%	28.4%	10.2%	5.0%	6.0%	6.1%
International Intrinsic Value (Net)	10.8%	27.3%	9.2%	4.1%	5.1%	5.2%
MSCI ACWI ex-US (Net)	8.9%	21.5%	9.9%	5.5%	5.4%	5.0%

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

Performance Review

The IIV strategy (Gross) finished the 4th quarter over +2% ahead of the MSCI ACWI ex-US, taking the full year's outperformance total to nearly +7%. This was almost completely driven by stock selection and (perhaps surprisingly) most pronounced in Emerging Markets. In a year where Emerging Markets underperformed Developed Markets by -4%, it was our EM consumer plays that were the most additive to our returns. This reinforces our conviction in the importance of finding exposure to that growing demographic on a longer term basis. Despite Value's resurgence in the 4th quarter (see left chart below), Growth still outperformed Value by over +11% for the full year. Longer term performance figures also show an obvious Growth bias to the market over the past 10 years, though not as extreme as US markets.

Factor Analysis



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

The TAM Int'l 500 Index is a list of the 500 largest companies by market cap in our international universe.

Stock selection was responsible for most of the outperformance during the quarter. Consumer Discretionary, Communication Services and Energy were our best performing sectors. Our worst performing sectors were Technology and Healthcare. Regionally, stock selection also drove most of the performance and was broad based across every region except for Canada.

Our positioning continues to favor more cyclical sectors. We remain overweight Energy, Communications, Industrials and Technology. We remain underweight Consumer Staples, Utilities, Real Estate, Materials and Health Care. Regionally, we are overweight the UK, Emerging Markets and Europe ex-UK. We are underweight Pacific ex-Japan, Japan and Canada.

Our top five contributors to performance during the quarter were Vipshop, Lukoil, Taiwan Semiconductor, Alibaba and Mobile Telesystems. Vipshop posted better than expected results as higher active users drove revenue growth and higher quality merchandise drove margins. Lukoil continues to see strong cash flow generation from higher realized oil prices and lower capex. This bodes well for the company's capacity to raise dividend payments going forward. Taiwan Semi saw a continuation of the strong performance from the prior quarter as margin improvement from 7nm chip production scaling and strong demand from smartphone manufacturers boosted results. Alibaba saw strong revenue growth driven by both eCommerce and Cloud computing as the rollout to more secondary cities continues to help drive their active user base. The company also re-listed shares on the Hong Kong exchange which sent shares higher. Mobile Telesystems posted better than expected results and raised forward guidance on solid operating trends in the Ukraine and Russia.

Our worst five detractors from performance during the quarter were Banco Santander Chile, Infosys, Danone, Joyy and Softbank. Banco Santander Chile saw shares sell off as widespread protests in Chile weighed on the economic growth outlook and the currency began to plunge. This unrest caused operating results to weaken and drove loan loss provisions higher. Infosys shares were hit in October due to allegations from a whistleblower that questioned some financial reports. While the Board would go on to conclude that no misconduct occurred and no restatement was necessary, the shares sold off on the initial news of the complaint. Danone posted 3rd quarter results that were weaker than expected and lowered forward guidance due to an ongoing slowdown in their Dairy segment. Joyy (previously named YY Inc.) saw share weakness as stiff competition in China's mobile live-streaming market have forced the company to boost content spending. Softbank saw shares sold off with weakness in the IPO market, most notably the fumbled WeWork IPO. We sold Softbank from the portfolio early in the 4th quarter on concerns over private equity valuations and the potential for write-downs in their Vision Fund.

Summary

Most of the worries investors cited for being bearish last year have been alleviated. Trade tensions are simmering down as we get better clarity on the Brexit situation as well. Central banks have shifted to an easier policy stance as well. The markets are recognizing this and acting well. Markets have had a good run over the short term and may be due for some consolidation. We believe they should act better later this year, especially if we get to a consensus that we are back in globally synchronized growth without prompting central banks to raise rates. That's a tightrope they can walk as long as inflation stays low, so we remain optimistic for the year ahead. Please see our International Market Commentary for further details on our outlook.

Please feel free to contact any of us for additional information

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01/21/20
MSCI ACWI ex-US (Net) - 253

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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TODD ASSET MANAGEMENT LLC INTERNATIONAL INTRINSIC VALUE 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 primarily in large cap internationally domiciled, US traded equity securities, with the objective to seek capital appreciation. This goal is pursued by investing in a diversified portfolio of these equities which TAM believes are trading at a discount to their intrinsic value. The minimum account size for this composite is \$1 million.

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 International Intrinsic Value Composite contains fully discretionary, taxable, and tax-exempt accounts that use either the MSCI ACWI ex-US or the MSCI EAFE Index as the benchmark. Prior to April 1, 2010, this composite was known as the International 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, 2018. 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 International Intrinsic Value Composite has been examined for the periods January 1, 2011 through December 31, 2018. 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, gross and net of management fees, and net of transaction costs and foreign withholding taxes, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. Prior to January 2007, 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. **As of 12/31/2017, the benchmark was changed to the MSCI ACWI ex-U.S. (net) index, from the MSCI ACWI ex-U.S (gross) index. The ACWI (net) is computed net of foreign taxes withheld on dividends, this is consistent with the composite.** As of 6/30/2013, the primary benchmark was changed to the MSCI ACWI ex-US (gross) from the MSCI EAFE. The ACWI better reflects the strategy guidelines with emerging market and Canadian exposure. As of the 6/30/2013 the EAFE was removed from presentations.

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 ex-U.S. (net) Index is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the United States. The ACWI ex-U.S. includes both developed and emerging markets. For investors who benchmark their U.S. and international stocks separately, this index provides a way to monitor international exposure apart from U.S. investments. The Net Index takes into account the impact of foreign tax withholdings on dividend income.



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