

## Todd Q4 2020 International Intrinsic Value Opportunity Review

	4Q 2020	1 Year	3 Year*	5 Year*	Since Inception* (07/01/14)
International IV Opportunity (Gross)	16.7%	5.2%	1.0%	5.3%	1.7%
(Net)	16.5%	4.3%	0.1%	4.4%	0.9%
MSCI ACWI ex-US (Net)	17.0%	10.7%	4.9%	8.9%	4.3%
MSCI ACWI ex-US Value	20.5%	-0.2%	0.2%	6.3%	1.5%

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

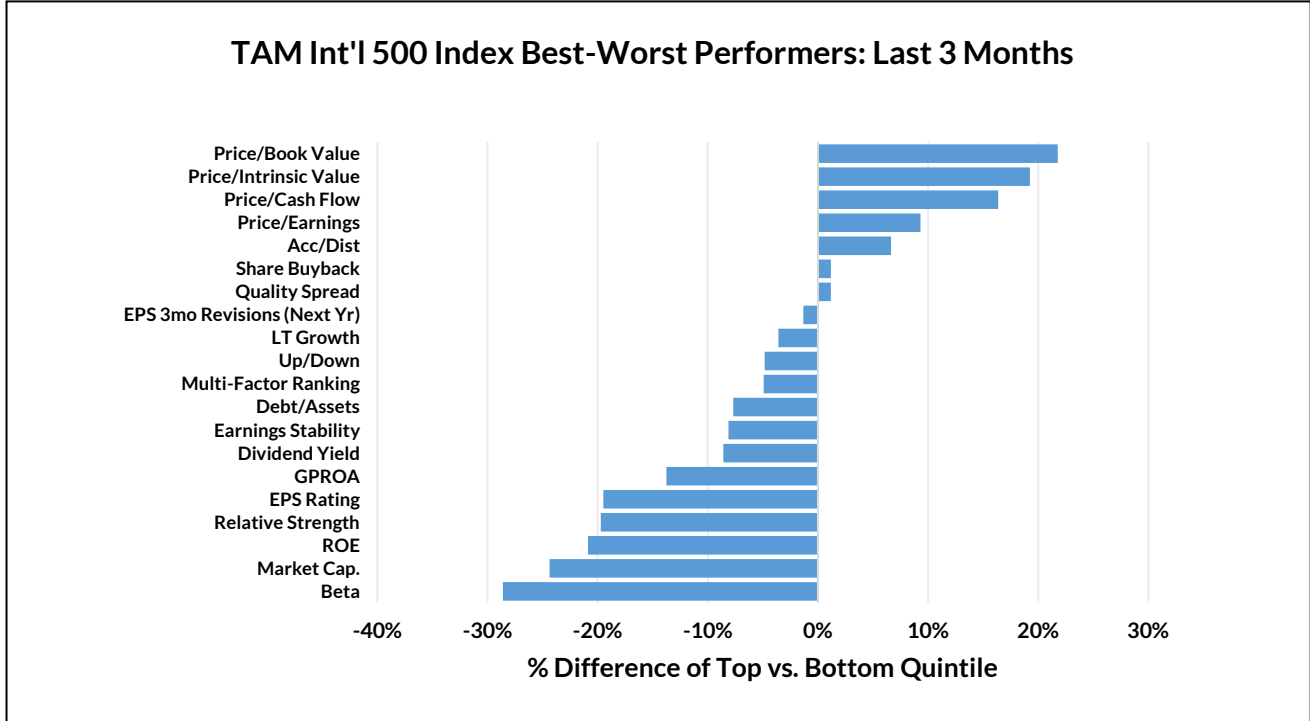
### Performance Review

The International IV Opportunity (gross) strategy was roughly in-line with MSCI ACWI ex-US for the quarter and lagged the ACWI ex-us Value. Positive vaccine announcements/approvals, along with resolutions to the US elections and Brexit gave way to a pronounced rotation that boosted markets and favored Value. From the market lows on March 23<sup>rd</sup> through year end the I-IVO (gross) has continued to keep pace with the MSCI ACWI ex-US and outperformed the MSCI ACWI ex-US Value (+4%).

We have been of the opinion that we are in the early stages of a global economic expansion. The rotation witnessed in the 4<sup>th</sup> quarter was something that we would have expected to coincide with the recovery in economic data earlier this year. Historically, recessionary bear markets have led to shifts in market leadership. Uncertainty around the spread and evolution of Covid-19 likely clouded the outlook too much for investors and a rotation to traditional groups that lead as activity reaccelerates never really materialized. Vaccine announcements in November changed this as growth estimates improved and people began to think about the end to this pandemic. Resolutions to the US election and Brexit have also improved visibility and supported higher growth estimates. Time will tell, but this could very well have marked an inflection point in Growth vs. Value, which had become historically stretched last year. That may take years to unwind.

Stock selection drove returns for the strategy during the quarter, offsetting a drag from our sector and regional allocation. Our best performing sectors for the quarter were Consumer Discretionary and Industrials. Materials and Communication Services were our worst performing sectors. Regionally, Japan and Pacific ex-Japan were our best performing regions while Emerging Markets were our worst.

## Factor performance



Factor returns highlighted a pretty dramatic reversal that began in early November following the US election and several positive vaccine announcements. Value caught a bid (outperforming Growth by +6.5% in the quarter), as did small cap and higher beta names. The underperformance of Value, both in bear market in Q1 as well as through the recovery, has been unprecedented. As the year progressed it became apparent that more progress on the fight against Covid-19 would need to be made before Value would find its footing. Vaccine announcements, along with some geopolitical resolutions, look to have provided the catalyst needed for visibility to improve and investors to rotate into this style during the quarter.

Our top five contributors to performance during the quarter were Vipshop, Fortescue Metals, Magna International, AP Moller-Maersk and Nitto Denko. Shares of Vipshop, a Chinese online retailer, rebounded after reporting solid 3rd quarter results that saw active users grow +35%. This was welcome news as the shares were hit hard in August on news that the company would need to increase spending for user acquisition, dampening margin expectations. Fortescue Metals is an Australian miner for iron ore that benefitted from rising commodity prices in the quarter. Iron ore prices rose +25% from the end of October through year end. The company also hosted an analyst day in early December that was very well received, highlighted by production efficiencies and renewable power initiatives that would bring carbon emissions to zero by 2040. Magna International is an auto parts supplier that benefitted from a better than expected rebound in auto production. Shares got a further lift in late December after

announcing a joint-venture with LG Electronics to make powertrains for electric vehicles. This announcement coincided with news that Apple was developing self-driving car technology. AP Moller-Maersk runs a global maritime shipping operation and continued its sharp recovery from its lows back in March. Management has continued to upgrade forward earnings guidance as shipping volumes recover and a combination of better pricing/lower fuel costs are helping margins. Nitto Denko, who makes chemicals that are used for semiconductor chips and industrial materials, also saw continued strength as ongoing recoveries in their end markets has lifted the outlook for earnings growth.

Our worst five detractors from performance during the quarter were Gold Fields, B2Gold, Polyus, Ahold Delhaize and Icon. Our three worst performers, Gold Fields, B2Gold and Polyus, were all gold miners. Following the announcement of effective vaccines in early November, gold prices fell around -10% as money came out of safe havens and into more reflationary trades. Ahold runs a series of supermarkets in the US and Europe. The company had been a beneficiary of lockdown measures as supermarkets were one of the few stores allowed to remain open through the pandemic. Following vaccine announcements in November, shares underperformed on the prospects of a return to more normal mobility in coming quarters. Shares of Icon weakened around the release of their quarterly results after issuing softer than expected guidance. While bookings and profits for the quarter were strong, valuation was likely too expensive for any kind of disappointment on the outlook.

As we've mentioned in previous quarterly letters, we continue to believe the global economy is in the early stages of a new economic expansion. While economic data bottomed in March/April of 2020, the market had been slow to embrace the recovery and the shift in leadership that typically comes out of a recessionary bear market was staggered through the year. The rotation into Small caps began at the market lows in March. Cyclical started to lead from the market bottom as well, though at a slower than average pace. International didn't firm up against the US until late May when the EU announced the EU Recovery Fund. Lastly, Value continued its underperformance vs. Growth all the way up to early November. Resolutions to the US election, Brexit and, perhaps most importantly, vaccine approvals cleared the deck for each of these groups and we finally saw the rotation take hold. Investors have come around to the reality that the cycle is indeed restarting with better growth and visibility on the horizon. We believe this should provide a tailwind to the portfolio for some time as we remain exposed to groups set to benefit from reaccelerating economic growth.

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  
Shaun Siers, CFA

1/15/21  
MSCI ACWI ex-US (Net) – 285  
MSCI ACWI ex-US Value – 174

*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.*

This publication has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. Commentary may contain subjective judgements and assumptions subject to change without notice. There can be no assurance that developments will transpire as forecast. Information contained herein has been obtained from sources believed to be reliable but not guaranteed. No part of this publication may be reproduced in any form, or referred to in any other publication, without express written permission of Todd Asset Management LLC. © 2020.

# TODD ASSET MANAGEMENT LLC

## INTERNATIONAL INTRINSIC VALUE OPPORTUNITY 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 using a rules based process based on intrinsic value, financial strength, profitability strength, and market acceptance. The objective is to seek capital appreciation.

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 Opportunity Composite contains fully discretionary accounts that use the MSCI ACWI ex-US Index as the benchmark. 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 International Intrinsic Value Opportunity Composite has been examined for the periods July 1, 2014 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](http://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 foreign withholding taxes, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of 0.80% 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. 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.

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 MSCI ACWI ex-U.S. Value (gross) Index** captures large and mid-cap securities exhibiting overall value style characteristics across 22 Developed and 26 Emerging Markets countries. 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 MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or crediting any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com)).