January 15, 2021
Intrinsic Value Team
Todd Asset Management

Todd Q4 2020 Intrinsic Value Opportunity Review

	4Q 2020	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
IV Opportunity (Gross)	14.2%	2.3%	5.5%	6.9%	5.7%	9.8%
(Net)	14.0%	1.5%	4.7%	6.0%	4.8%	9.0%
S&P 500	12.2%	18.4%	14.2%	15.2%	12.9%	13.9%
Russell 1000 Value	16.3%	2.8%	6.1%	9.7%	8.2%	10.5%

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

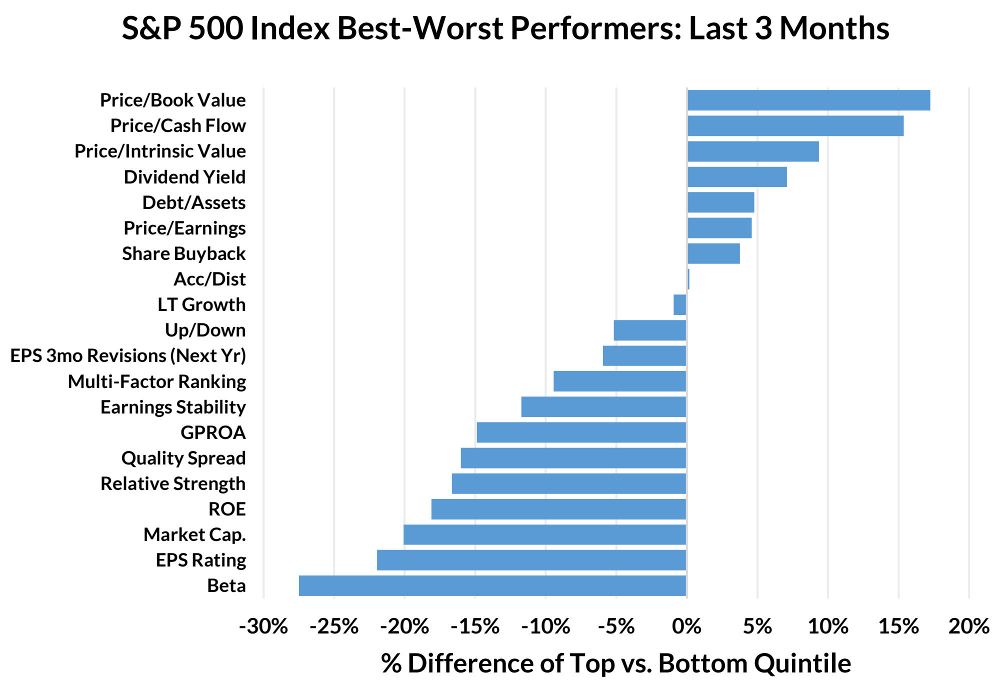
Performance Review

The Intrinsic Value Opportunity (gross) strategy outperformed the S&P 500 by roughly +2% during the fourth quarter and underperformed the Russell 1000 Value by around-2%. A number of market moving events occurred in November as the US election was followed by Covid-19 vaccine announcements from Pfizer and Moderna that showcased a remarkable level of efficacy. This set the stage for market performance to broaden out from a handful of Mega-cap names and started a rotation into areas of the market that hadn't participated since the start of the pandemic, specifically Value areas. This rotation added to the tailwind the strategy has had since the market bottomed earlier this year. From the market lows on March 23rd through year end the IVO (gross) is ahead of both the S&P 500 (+6%) and Russell 1000 Value (+12%).

Despite sharp recoveries in markets and economic data, a lack of conviction in the economic cycle had persisted due to uncertainties around the US Election, Brexit and the pandemic. Fortunately we got some form of resolution or progress on each of these items before year end. The election resolved with a largely split Congress that increased the likelihood of further stimulus. A Brexit deal was announced at the 11th hour that took a disorderly exit from the EU off the table. Vaccine announcements were much better than expected and allowed investors to begin thinking about the end of the pandemic. These items collectively led to improved economic growth outlooks, higher rates and inflation expectations and began a long-awaited rotation into areas that have historically outperformed at the beginning of an economic cycle. The continuation of historic fiscal and monetary stimulus packages should help to reinforce belief in this economic recovery and support the rotations that emerged throughout the quarter. Also, as we mentioned last quarter, historically low inventories should get rebuilt in coming quarters and help to keep the economy on sustainable footing for some time. The strategy continues to favor more deeply cyclical areas like Retail, Semiconductors and Industrials, which would benefit from this rebound in activity.

Stock selection drove all of our outperformance against the S&P 500. Our best performers for the quarter were concentrated within Technology. Specifically, Semiconductor names saw increased momentum as vaccine announcements improved visibility and reaccelerating smartphone production boosted this early cycle group. Our worst performers were Consumer Discretionary and Healthcare. Many of the Discretionary names were retailers that had benefitted from Covid-related lockdowns most of this year and sold off on hopes that the economy would reopen more fully in coming quarters. Within Healthcare, there were a few company specific disappointments that weighed on several names in that group. Positioning within the newly rebalanced portfolio is very similar to last quarter and should continue to benefit from the ongoing rotation as the economy reaccelerates.

Factor performance



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

Vaccine announcements and the US election in early November provided a catalyst for a dramatic reversal in factor performance for the quarter. Value, which had lagged Growth by historic margins for most of the year, was the best performing group for the quarter. This reversal also saw small cap and higher beta names outperform by a wide margin. We have commented over the past few quarters on how narrow the market had become. It became apparent that more progress in the fight against the pandemic needed to be made before these stretched dynamics could be unwound. Time will tell, but we seem to have finally witnessed the start of this shift. Vaccine announcements and renewed stimulus improved visibility in the economic outlook and brought investors back into these groups and away from most of the Mega-cap Tech giants (FAANG's).

Our top five contributors towards performance during the quarter were NetApp, Applied Materials, Lam Research, Davita, and KLA Corp. NetApp benefited from stabilizing IT demand, continued strength in its Cloud business, and market share growth. Semiconductor companies Applied Materials, Lam Research, and KLA Corp all benefited from increased visibility into 2021 demand following the presidential election, vaccine announcements and 3Q reports, which caused all three to raise expectations for both revenue and earnings. Davita shares were aided by a strong 3Q earnings release, which gave the company conviction to sharply raise full year earnings guidance. Management noted its confidence in double-digit earnings growth over the next several years, despite uncertainty related to its client base, who are more likely to be impacted by Covid.

Our five worst detractors from performance during the quarter were Vertex Pharmaceuticals, Biogen, Regeneron Pharmaceuticals, Kroger, and Lowe's. Vertex Pharmaceuticals underperformed after announcing it would discontinue its phase 2 study of drug treatment for a disease that affects the lungs and liver. Biogen experienced pressure as expectations for two Multiple Sclerosis drugs faced demand pressure from generics and an FDA advisory panel gave an unfavorable review on their phase 3 Alzheimer's drug. Regeneron, while receiving emergency approval for their Covid treatment, saw weakness amid logistical concerns and capacity constraints as they attempt to scale distribution. Pressure related to union negotiations surrounding pay and health benefits weighed on Kroger shares during the quarter. In addition, data was released that raised concerns over market share as peers seem to have picked up more customers during the Covid pandemic. Lowe's shares fell after the company announced lower earnings expectations for the holiday quarter due to increased spending on employee benefits and heavy investment in its online business.

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. Cyclicals 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.

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1/15/21
S&P 500 – 3,768
Russell 1000 Value – 1,386

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.

TODD ASSET MANAGEMENT LLC
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 in equity securities within the S&P 500 Index with the objective to seek capital appreciation. This goal is pursued by investing in a portfolio of securities that are in the least expensive third of the S&P 500 Index using a rules based process based on financial strength, profitability strength and market acceptance.

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 Intrinsic Value Opportunity Composite contains fully discretionary, taxable and tax-exempt accounts that use either the S&P 500 Index or the Russell 1000 Value 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 Intrinsic Value Opportunity Composite has been examined for the periods January 1, 2011 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.

The performance information is presented on a trade date basis, both gross and net of management fees, net of transactions costs, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. From October 2009 to March 2014 the management fee schedule applied to the composite was 0.70%. Prior to October 2009, 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.

The composite performance has been compared to the following benchmarks. The indexes are unmanaged, and not available for direct investment; they include reinvestment of dividends; they do not reflect management fees or transaction costs:

S&P 500 Index is a widely recognized index of market activity based on the aggregate performance of a selected portfolio of publicly traded common stocks. The performance data was supplied by Standard & Poor's. It is included to indicate the effect of general market conditions.
Russell 1000 Value Index is a widely recognized index of market activity based on the aggregate performance of common stocks from the Russell 1000 Index, with lower price-to-book ratios and lower forecasted growth values. The performance data was supplied by Frank Russell Trust Company.