Todd Q4 2020 Large Cap Intrinsic Value Review

	4Q 2020	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	18.5%	10.4%	7.3%	11.7%	9.9%	11.6%
(Net)	18.4%	9.8%	6.7%	11.0%	9.2%	10.9%
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.*

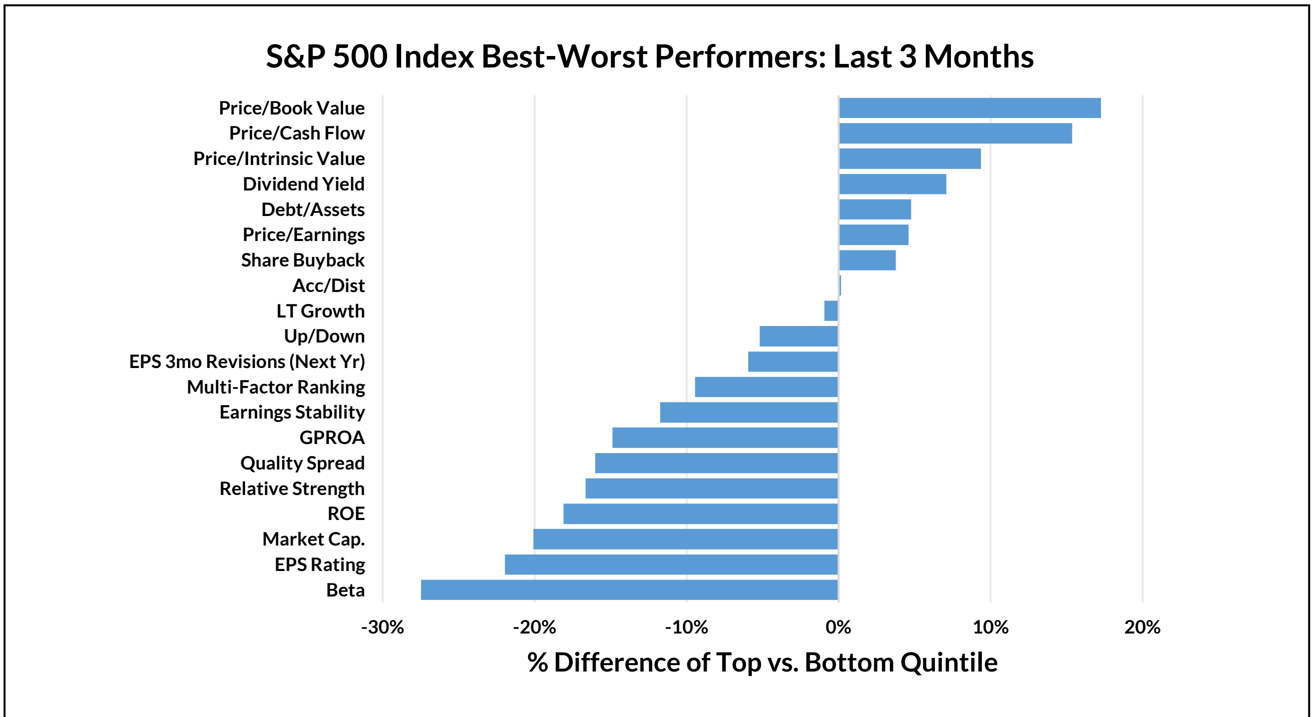
Performance Review

The LCIV (gross) strategy was a beneficiary of several positive developments in the quarter that lifted markets broadly, outperforming the S&P 500 by +6% and Russell 1000 Value by +2% during the 4th quarter. November was an active month as the US election was followed by Covid-19 vaccine announcements from Pfizer and Moderna that showcased a remarkable level of efficacy. This cleared the table for market performance to broaden out from a handful of Mega-cap names and reignited momentum the strategy has had since the market bottomed. From the market lows on March 23rd through year end, the LCIV (gross) has outperformed the S&P 500 by +11% and Russell 1000 Value by +17%.

As we mentioned in last quarter's letter, despite sharp recoveries in markets and economic data, a lack of conviction in the economic cycle 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.

Stock selection drove most of our outperformance against the S&P 500. Our best performers for the quarter were Financials, Technology and Healthcare. More specifically, Banks and IT Hardware/Semiconductor names drove our returns within Financials and Technology. Interest rates continued to rise in the quarter, which broadly led to Bank outperformance. The improved growth outlook also lifted our Hardware and Semiconductor stocks, which are early cycle groups. 5G network rollouts and a resumption of smartphone production should benefit these names in the coming year. Our worst performers for the quarter were Communication Services and Consumer Discretionary. These were areas that had performed well for most of the year as beneficiaries of Covid-19 related restrictions that investors likely rotated away from in the quarter.

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 to performance during the quarter were ON Semiconductor, Citizens Financial Group, Morgan Stanley, Aptiv and JPMorgan Chase. ON Semiconductor saw a sharp recovery in demand from their Auto clients and shares outperformed with other cyclical names as vaccine approvals in early November were announced. Banks, like CFG, outperformed in the quarter as longer-term interest rates rose toward their highest levels since the start of the pandemic. This improved the outlook for interest income. Shares got a further boost after the Fed allowed share repurchases to resume. Morgan Stanley was another beneficiary of vaccine news and improved prospects for the economy reopening in coming quarters. Robust markets and IPO activity have also benefitted their Investment Banking and Trading businesses. Aptiv is a leading global supplier of driving assistance and "Infotainment" products to the auto manufacturing industry. Results have rebounded sharply along with global auto production. The company is also a beneficiary of a shift to electric vehicles, which drew increased attention during the quarter. Like other banks, rising interest rates helped shares of JPMorgan outperform. The company also announced 3rd quarter results with loan loss provisions that were far better than consensus. This paired with the Fed allowing share repurchases to resume highlighted the large improvement in asset quality seen as the quarter progressed.

Our worst five detractors from performance during the quarter were Amgen, Pultegroup, Best Buy, Intel and Lockeed Martin. Amgen released several disappointing late stage drug pipeline readouts during the quarter that raised questions about the company's ability to boost revenue growth in coming years. Shares of Pultegroup fell as 10yr Treasury rates drifted higher, despite the fact that pricing and order growth for this homebuilder have been strong. Higher Treasury rates have concerned some investors that historically low mortgage rates may soon rise as well. Best Buy has been a beneficiary of more people working from home and upgrading technology to support this new work setup. Solid results for the quarter were expected, however shares sold off as investors saw some margin compression and sensed that spending may have been pulled forward from the holiday shopping season, potentially weighing on earnings near-term. Competitive concerns at Intel heightened again after the company reported disappointing results in their Data Center business and Apple announced it would move more quickly toward using their own processing chips for Apple devices. Share of Lockeed Martin underperformed in the quarter as growing government spending to combat the Covid-19 pandemic could pressure Defense budgets in coming years. The incoming Biden administration is also likely to curb Defense spending.

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.

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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

LARGE CAP 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 tax-exempt fully discretionary intrinsic value accounts, invested primarily in large cap domestic equity securities with the objective to seek capital appreciation. This goal is pursued by investing in a diversified portfolio of equity securities that TAM believes are trading at a discount to their intrinsic value.

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 Large Cap Intrinsic Value Composite contains fully discretionary, tax-exempt accounts that use either the S&P 500 Index or Russell 1000 Value Index as the benchmark. Prior to April 1, 2010, this composite was known as the Relative Value 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, 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 Large Cap Intrinsic Value 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 transaction costs and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .60% applied monthly. Prior to September 2001, the management fee schedule applied to the composite was .50%. 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.