TODD
Asset Management

January 18, 2022
Intrinsic Value Team
Todd Asset Management

Todd Q4 2021 Large Cap Intrinsic Value Review

	4Q 2021	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Large Cap Intrinsic Value (Gross)	11.2%	31.2%	23.3%	15.5%	11.8%	14.2%
(Net)	11.0%	30.4%	22.6%	14.8%	11.2%	13.5%
S&P 500	11.0%	28.7%	26.1%	18.5%	14.9%	16.6%
Russell 1000 Value	7.8%	25.2%	17.6%	11.2%	9.7%	13.0%

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

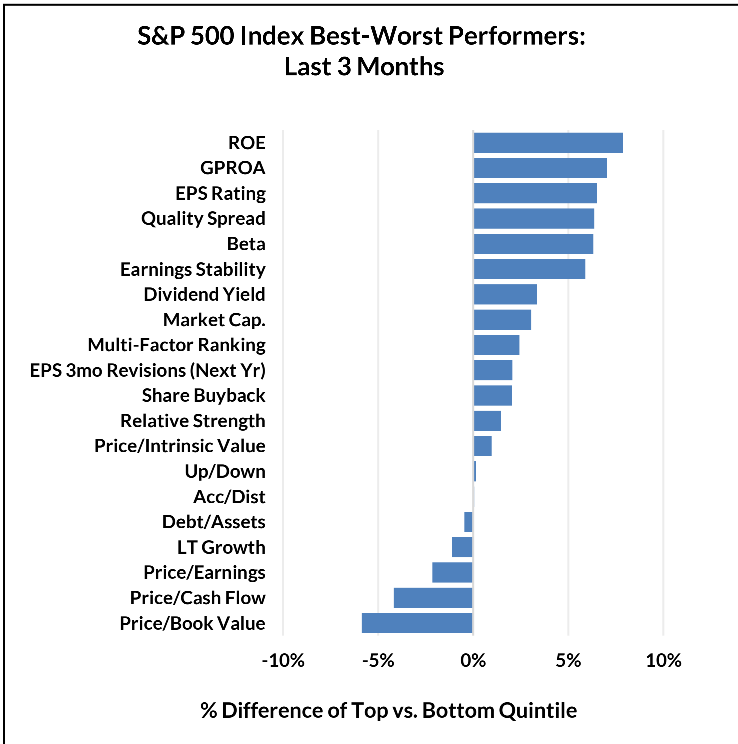
Performance Review

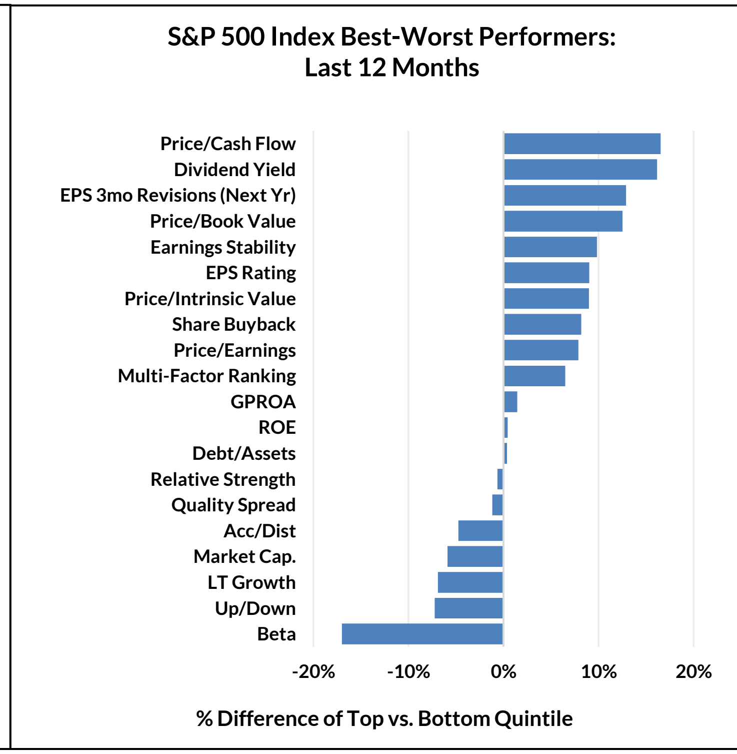
The LCIV (gross) strategy finished the quarter performing in-line with the S&P 500 and outperforming the Russell 1000 Value by +3.4%. We finished the full year 2021 up+31.2%, which was +2.5% ahead of the S&P 500 and +6% ahead of the Russell 1000 Value. We remain ahead of the Russell 1000 Value over all listed time frames above and are ahead of the S&P 500 on a 1 year bases, while we lag but repair over longer periods.

The defensive stance we noted in last quarter's letter persisted through much of the fourth quarter. The most recent source of anxiety came from rising Covid cases, which exploded higher in a number of countries as the more transmissible (though less severe) Omicron variant caused disruptions. The market largely shrugged this off and inflation came back into center view as we received several hot readings and reports indicated that the labor market was likely close to full employment. This caused much more hawkish commentary from the Fed, who is now quickly bringing to a close their asset purchase program and is likely to raise rates for the first time in March. Prospects of Fed tightening caused interest rates to move sharply higher, having moved from 1.35% on the US 10yr right before Christmas to 1.75% at the time of this writing. This sharp move caused a derating of Growth names, who had previously avoided any material multiple contraction. Historically as the economy transitions to mid-cycle and interest rates move higher, multiples tend to contract and Value outperforms Growth. The risk of multiple contraction is likely highest in large cap Tech names. Any pressure here would certainly be felt at the index level given the high amount of concentration in the S&P 500, however the fundamentals for the economy and many of the sectors our strategy has exposure to remain pretty solid. Tightening from the Fed is likely to cause some volatility, however easing supply chain bottlenecks and strong demand should keep the economy and the broader market on solid footing this year.

Stock selection drove all of our outperformance against the S&P 500 for the quarter. Technology, Communication Services and Health Care were the areas we saw the most strength, led by the semiconductors where supply/demand imbalances continue to act as a tailwind for pricing and order growth. Financials, Energy and Materials were our worst performing groups as interest rates, oil and commodity prices fell through most of the quarter on concerns over skyrocketing Covid cases due to the

Omicron variant. This has largely reversed since mid-December with the US 10yr breaking out to new highs and oil punching up through $80 per barrel.





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

The defensive tilt to the market in the 4th quarter (left chart above) can be seen in our factor work as well. Quality, visibility and shareholder returns were leadership while Value was pressured by concerns around the Omicron variant. For the full year 2021 (right chart above), interestingly Value metrics were among the best performers despite the fact that the Russell 1000 Value underperformed the Russell 1000 Growth by -2.5% last year. This speaks to the concentration of US indices where the top 7 names represent 28% of the weight in the S&P 500 and 45% of the Russell 1000 Growth. Our Multi-Factor Ranking also ranked in the upper half of the list last year as our discipline benefitted from the rotation to Value from Growth.

Our top five contributors to performance during the quarter were On Semiconductor, Qualcomm, Broadcom, United Health and AbbVie. For the second straight quarter ON Semiconductor was our top performer on continued strength in their Auto and Industrial end markets. Operating margins surprised investors to the upside (again) as pricing remains strong and the company continues to divest away from some of their lower margin products. In a similar vein, Qualcomm also posted better than expected results highlighted by market share gains in China and higher-end Android devices, which management expects to continue through 2022. Broadcom, our third semiconductor at the top of the performance list, is also seeing strong demand from Cloud and Enterprise customers, many of which are rolling out new products. Pricing has been solid as a result which helped drive margins higher. The Delta wave of Covid had weighed on earnings estimates for UnitedHealth Group leading up to their third quarter release, however the company posted better than results which gave shares a relief rally through year end. Abbvie saw some resolution to uncertainty around their rheumatoid arthritis drug (Rinvoq). Additional safety disclosure was required by the FDA, but paved the way for approval of the drug for other indications.

Our worst five detractors from performance during the quarter were United Rentals, Qorvo, Honda Motor, Comcast and JPMorgan Chase. United Rentals is seen as a major beneficiary of infrastructure spending in the US and shares sold off late in the quarter as Senator Manchin poured cold water the larger spending package President Biden is trying to pass. Qorvo was in the bottom 5 again after noting both supply constraints and some demand weakness in their Asian mobile end markets that would weigh on revenues next quarter. The demand outlook negatively surprised investors and shares sold off. Supply shortages continue to hurt Honda Motor, which lowered their production guidance in the quarter due to a lack of semiconductor chips. Recent updates show that production capacity is improving, however this is taking more time than initially expected. Comcast lowered their expectations for broadband subscriber growth creating some questions around the competitive environment and whether tailwinds from the pandemic are fading. Shares of JPMorgan largely tracked 10yr rates which fell through mid-December on rising Covid cases. This partially reversed in the second half of December as concerns around Omicron eased and the Fed turned more hawkish.

The economic recovery is young. There will be bumps along the way, and we would not be surprised to see market weakness surrounding the first rate hike from the Fed. We would suggest the Fed is raising rates because they believe economic momentum is sustainable and it is likely to wring some speculation out of the markets. Once that speculation is wrung out, we believe markets will be on solid footing to improve on the back of an improving economy driven by rebuilding of inventories, capital spending, improvement in employment and rebound in services.

We would love to hear from you. If you have any questions please feel free to contact any of us for a conversation or further information. 502-585-3121.

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01/18/2022
S&P 500 – 4577
Russell 1000 Value – 1646

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 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, 2020. 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, 2020. 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 .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. The volatility of the index and a client account will not be the same.
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.

Russell 1000® Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.