January 18, 2023
Intrinsic Value Team
Todd Asset Management

Todd Q4 2022 Global Intrinsic Value Equity Income Review

	4Q2022	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
GIVEI (Gross)	19.2%	1.3%	5.2%	4.8%	7.8%	7.9%
(Net)	19.0%	0.7%	4.6%	4.2%	7.1%	7.3%
MSCI ACWI (Net)	9.8%	-18.4%	4.0%	5.2%	8.1%	8.0%
MSCI ACWI Value (Net)	14.2%	-7.6%	3.3%	3.5%	6.7%	6.4%

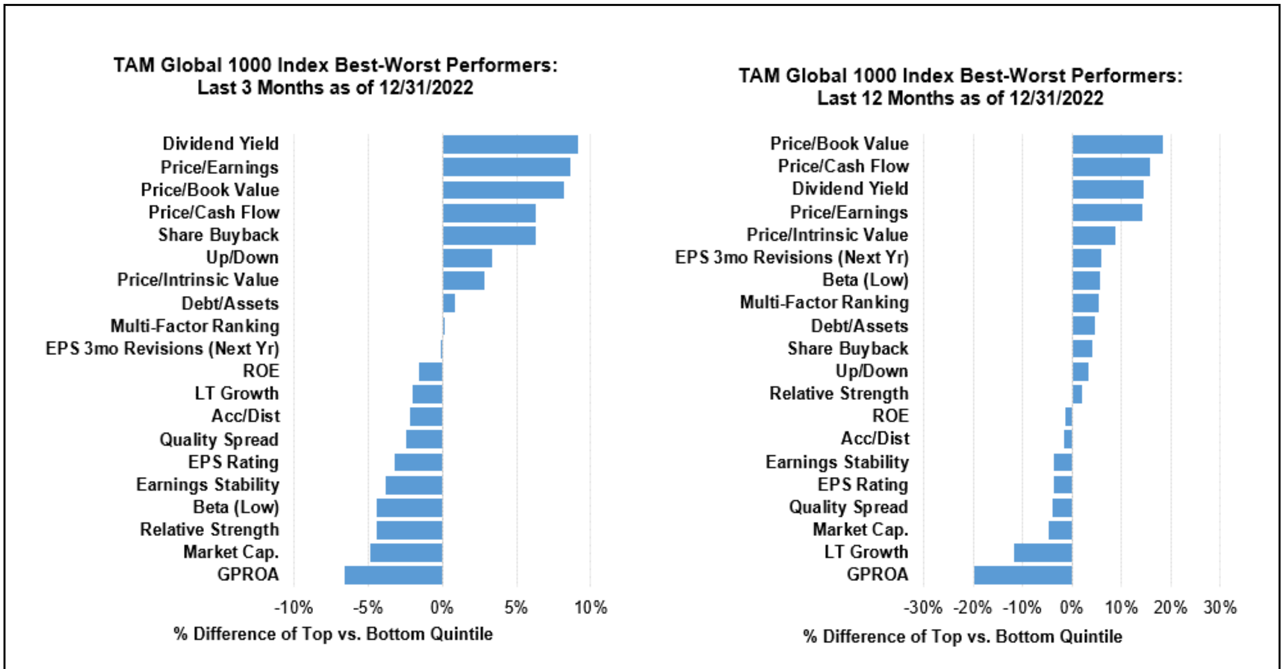
* *Annualized Total Returns. Please refer to the attached Performance Disclosure for further information.*

Performance Review

Markets bounced in the 4th quarter for the Global markets. Our GIVEI strategy outperformed both indexes in the quarter and remains significantly ahead year-to-date. The rolling over of the largest weights in US indices, reopening in China and a mild winter in Europe thus far are several of the drivers that pushed stocks higher in recent months. The current yield at the end of the quarter was 4.9% versus the ACWI yield of 2.4%.

"Feel vs. real" is a saying in golf that explains the difference between what you think your swing looks like (the feel), and what your actual motion is (the real). You obviously didn't come here for swing tips (if you did you're in the wrong spot!), but this seems to be a fitting analogy given the sentiment around international markets. Things have felt bad on the international front for some time. China's regulatory campaign and zero-covid restrictions, the Russia/Ukraine war, Europe's energy security and exploding natural gas prices and Japan's policy track record all fed that narrative for most of the past year. We have begun to see some of these headwinds come off the boil as China aggressively dismantled restrictions as part of reopening efforts and successfully stockpiled natural gas inventories (and mild winter) in Europe seems to have taken a worse case scenario off the table. Japan's monetary policy is still in flux and the war in Ukraine may muddle on for some time, but it's interesting to see a more constructive message coming from the markets. European earnings estimates for next year, in $ terms, have actually moved *higher* in recent months and are in fact at the highest levels we've seen over the past year. Chinese stocks have staged an impressive rally from depressed levels as the policy pendulum swings quickly back to more accommodation. More broadly, the ACWI ex-US (unlike the S&P 500) has broken the trend of lower highs with the 50-day moving average rising above the 200-day moving average (a Golden Cross as it's called in technician jargon). Under the surface, there is leadership coming from European banks, industrial metals, semiconductors, Energy and other groups that are likely benefitting from the larger structural regime change that continues to play out. The US Dollar has also started to retreat since peaking in late September, an interesting, welcome and overdue dynamic as we see it.

The ultimate path forward for the market is unclear as tighter policy and slowing growth need to reconcile. Rather than get too caught up in placing probabilities on recession scenarios we find it more useful to listen to the message coming from the market. To borrow another golf analogy, you've got to "play the ball as it lies." Things may not feel great, but there are meaningful changes afoot that should offer opportunities longer term. Leadership looks to have structurally changed and is favoring groups that are better equipped to handle higher interest rates and inflation or that benefit from increased capital spending plans.



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

We saw preference shift back to shareholder returns (Dividend Yield and Share Buyback) and other Value metrics this quarter. Value and Dividend Yield were also the top performing factors for the full year as higher interest rates and inflation have shifted leadership back to shorter duration names that don't carry multiple risk. The worst performing factors for the quarter were Quality (GPROA, Earnings Stability, ROE, etc.), Relative Strength and Market Cap. For the full year Quality and Large Cap Growth metrics ranked at the bottom of the list as the regime change from Growth to Value continued to play out.

The outperformance in the second quarter was driven mostly by stock selection. Our stock selection in Energy, Consumer Discretionary, as well as Technology were big drivers of our outperformance in the quarter. Our stock selection in Real Estate and Energy detracted from performance. From a regional perspective, our stock selection in the US and Europe accounted for most of the underperformance while our sector selection Emerging Markets, and Japan (not having any exposure to either of them) helped offset the underperformance.

We remain overweight Energy, Consumer Staples and Financials. We also remain underweight Consumer Discretionary, Technology. Among regions, we are overweight Europe, Canada and the United Kingdom. We are underweight Emerging Markets and Japan. Given the global focus of this strategy, we are able to find income outside of traditional high yielding US sectors (i.e. Consumer Staples, Utilities, REITs, etc.).

Our top five contributors to performance during the quarter were Gilead Sciences, Repsol SA, TotalEnergies, Allianz SE and ONEOK Inc. All three energy companies, Repsol SA, TotalEnergies and ONEOK Inc. all benefited from the energy sector being the best performing sector in the quarter. Gilead Sciences had a beat and raise quarter as well as good news on its next generations HIV drug franchise. Allianz SE reported a better than expected quarter, increased their share repurchase and the fact that insurers will benefit from higher interest rates.

Our worst five detractors from performance during the quarter were Omega Healthcare Investors, Bank of Novia Scotia, Verizon, Huntington Bancshares and General Miills. Omega Healthcare reported disappointing rent coverage ratios as a result of ongoing operating challenges. Bank of Nova Scotia reported earnings that were low in quality, specifically their international operations. Verizon's quarter showed weakening in pricing pressures in its premium markets. Huntington Bancshares saw pressure due to concerns about near term funding issues. General Mills continues to be plagued by rising input cost and an inability to pass these on to consumers.

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
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01/17/23
MSCI ACWI (Net) – 335
MSCI ACWI Value (Net) – 301

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.

The TAM Global 1000 index is a combination of the 500 largest US listed international companies by market cap and the S&P 500. This list is used for factor analysis where the index is ranked/sorted by a certain factor then divided into quintiles. Returns are then calculated on a monthly basis for each quintile.

TODD ASSET MANAGEMENT LLC

GLOBAL INTRINSIC VALUE EQUITY INCOME 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.

Specific stocks discussed 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. The compilation of information contained herein may reflect the views and opinions of TAM financial professionals at the time of creation which may change at any time without prior notification. There is no guarantee that any forward-looking opinions will occur.

Todd Asset Management LLC ("TAM") is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The performance presented represents a composite of fully discretionary accounts invested in a diversified portfolio of attractively valued domestic and international equity securities with a goal to seek dividend income along with growth of that income and capital appreciation. The international securities are internationally domiciled, US traded equity securities.

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 Global Intrinsic Value Equity Income Composite contains fully discretionary, taxable, and tax-exempt accounts that use the MSCI ACWI Index as the benchmark. The Composite does not include accounts with social restrictions. 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, 2021. 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 Global Intrinsic Value Equity Income Composite has been examined for the periods January 1, 2011 through December 31, 2021. 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 0.60% 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.

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

MSCI ACWI (net) Index is a float-adjusted market capitalization index that is designed to measure the equity market performance of developed and emerging markets. The net index considers the impact of tax withholdings on dividend income.

MSCI ACWI Value (net) Index is a float-adjusted index of securities exhibiting overall value style characteristics across both developed and emerging markets. 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 net index considers the impact of tax withholdings on dividend income.

Risks - Investments involve varying degrees of risk, and there can be no assurance that this product is suitable or profitable for your investment portfolio. The GIVEI product is designed for long-term investors looking for dividend yield who are willing to accept short-term market price fluctuations. There are general and market risks involved in this product. There is no guarantee that the companies invested in will declare dividends in the future, or that the dividends declared will remain at current levels or increase over time. As a global product, risks of ownership in a foreign security (ADR, or similar securities) include political instability, confiscation of property, reduced legal protection, market liquidity, and adverse changes in currency exchange rates. Investing in emerging market securities can magnify these risks due to their smaller economies. This strategy may result in a portfolio with concentration in economic sectors, as sector diversification is not part of the strategy guidelines. There are times the overall market may not favor value-style investing, and/or stocks with higher dividends, and it is possible the intrinsic value of the underlying stocks may never be realized.