Todd Q4 2022 International Intrinsic Value Opportunity Review

	4Q 2022	1 Year	3 Year*	5 Year*	7 Year*	Since Inception* (07/01/14)
International IV Opportunity (Gross)	20.0%	-5.2%	2.4%	1.0%	4.1%	1.6%
International IV Opportunity (Net)	19.7%	-6.0%	1.5%	0.2%	3.2%	0.7%
MSCI ACWI ex-US (Net)	14.3%	-16.0%	0.1%	0.9%	4.8%	2.1%
MSCI ACWI ex-US Value (Net)	15.7%	-8.6%	0.1%	-0.1%	4.2%	0.8%

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

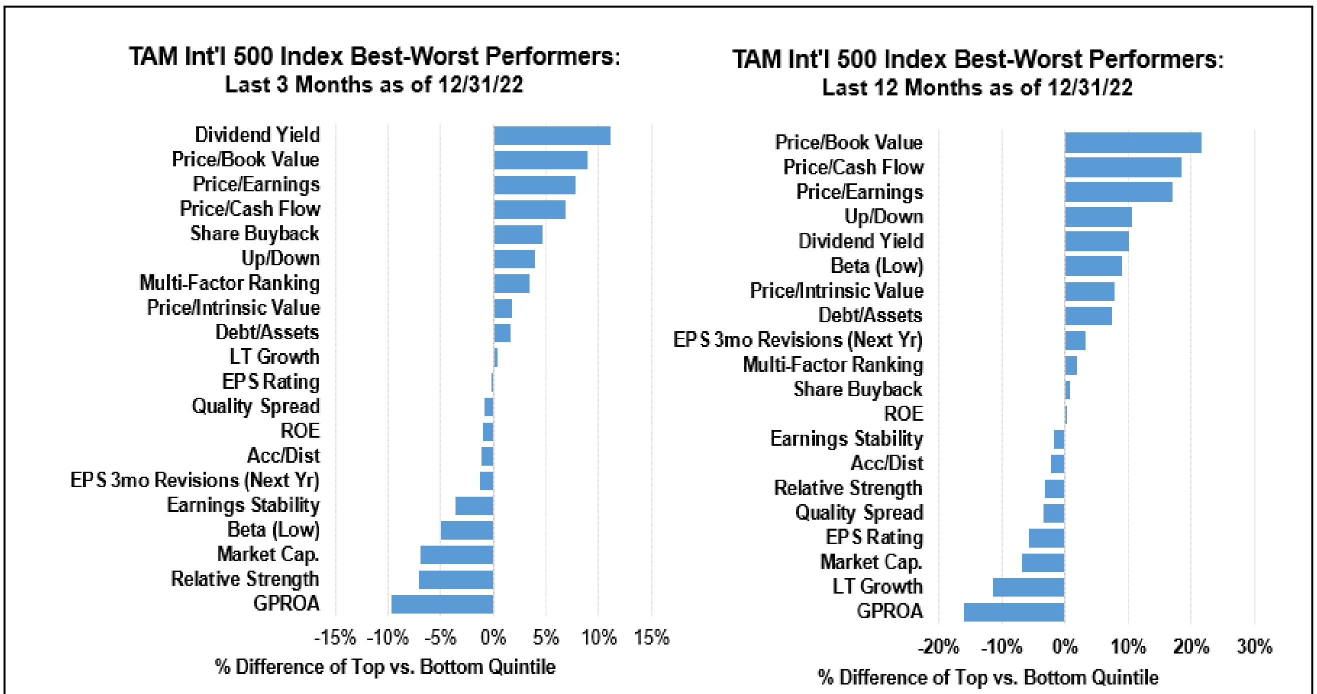
Performance Review

Markets bounced in the 4th quarter pushing International markets ahead of the US for the full year. 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. Value padded it's lead in the quarter as well to cap off the full year nearly 15% ahead of its Growth counterpart, the second straight year Value has led internationally. We've written about this repeatedly, but we see this as part of a larger regime change that likely plays out over a number of years.

"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.

Factor performance



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. Value outperformed Growth for a second straight year and by nearly +15% in 2022. Our Multi-Factor Ranking was additive in both the quarter and full year.

Outperformance for the quarter was driven primarily by stock selection. Discretionary, Materials and Industrials were our top performing sectors as easing Covid restriction in China and more constructive data out of Europe helped sentiment in these areas. Health Care was the only sector that acted as a drag on performance as drug trial data was not well received for our pharmaceutical holdings. Regionally, our outperformance was pretty broad based with Emerging Markets, Europe, the UK and Pacific ex-Japan all nicely contributing to performance. Japan and Canada were our two underperforming regions, largely due to stock selection in both.

Our top 5 names contributing to performance this quarter were Vipshop Holdings, Capri Holdings, Randstad, Repsol, and Logitech International. Shares of Vipshop rose sharply in November and December as China began to dismantle their Zero-Covid policies and restrictions. This did wonders to improve sentiment in this space. Capri Holdings benefitted as consumer discretionary names came into favor during the quarter. China reopening optimism was a tailwind along with favorable FX. Randstad has been a benefactor of wage inflation as it has helped top line growth for the temp employment service provider. Euro currency strength against the dollar was also a major tailwind during the quarter for the company. Repsol posted a solid quarter driven by better downstream results that allowed for an increase in shareholder returns (both dividends and share buybacks). Logitech International caught a few analyst upgrades and initiations during Q4; mainly due to an expected gaming led replacement cycle on the horizon.

Our top 5 names detracting from performance this quarter were Ono Pharmaceutical Co., Gildan Activewear, Petroleo Brasileiro, Imperial Oil, and Banco Do Brasil. Ono Pharmaceutical Co announced in December that a phase III trial for its gastric cancer drug failed to meet its primary endpoint, this caused a sharp sell-off in shares into the end of the year. Gildan Activewear underperformed in Q4 as the company is still facing elevated inventory levels and decreasing demand, resulting in worse than expected gross margins when the company reported Q3 results in early November. Brazilian equities in general slumped following the presidential election that saw the less market friendly Lula da Silva defeat incumbent Jair Bolsonaro in a runoff. This weighed on shares of both Petroleo Brasileiro and Banco Do Brasil. Imperial Oil is the most exposed Canadian integrated oil company to crude differentials or spreads. Due to refining outages and US Special Petroleum Reserve releases, the Canadian crude benchmark fared worse than WTI during Q4 and caused a further widening in the discount and weighed on shares of IMO.

Curt Scott, CFA Jack White, CFA Jack Holden CFA Shaun Siers, CFA

01/17/23
MSCI ACWI ex-US (Net) – 269
MSCI ACWI ex-US Value (Net) – 1,191

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.

TAM Int'l 500 Index is a list of the 500 largest US listed international companies by market cap. 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
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.

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 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, 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 International Intrinsic Value Opportunity Composite has been examined for the periods July 1, 2014 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 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.

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 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 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.

Risks - Investments involve varying degrees of risk, and there can be no assurance that this product is suitable for your investment portfolio. The International Opportunity product is designed for long-term investors who are willing to accept short-term price fluctuations. This product generally holds 30 securities and is rebalanced every 3 months, thus it is more concentrated and may generate more investment turnover than other products. It is not required to be diversified by sector, and should be considered a more sector concentrated, aggressive application of the price to intrinsic value investment philosophy. There are general and market risks involved in this product, along with the risks of ownership in a foreign security (ADR, or similar securities) including 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. There are times the overall market may not favor value-style investing, and it is possible the intrinsic value of the underlying stocks may never be realized.