

Todd Global Intrinsic Value Equity Income Review

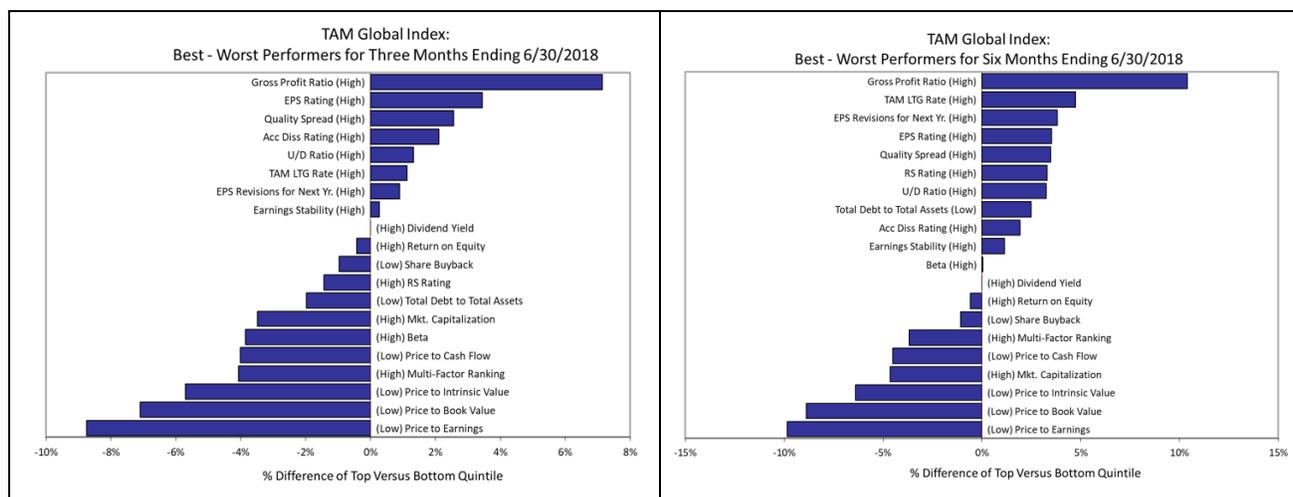
	2Q 2018	YTD	1 Year	3 Years *	5 Years *	7 Years *	Since Inception * (01/01/11)
Global Intrinsic Value Equity Income (Gross)	0.1%	-1.5%	8.5%	8.6%	8.5%	9.6%	10.1%
(Net)	-0.1%	-1.8%	7.8%	8.0%	7.8%	9.0%	9.5%
MSCI ACWI (Net)	0.5%	-0.4%	10.7%	8.2%	9.4%	8.0%	8.1%

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

Performance Review

The Global IV Equity Income strategy was slightly up +0.1% (gross) during the quarter and is down -1.5% (gross) year to date, underperforming the MSCI ACWI return of +0.5% and -0.4%, respectively. International markets underperformed the US, as the dollar strengthened and currency translation weakened their reported results. Most markets performed better in local currency terms than in dollars. Some international markets experienced a softer patch through the first half of the year, though we are starting to see indicators picking up for the second half. We believe the economic recovery that the US and rest of the world is enjoying should last for some time to come.

During the quarter, our factor analysis (shown below) showed that with growing geopolitical risks and economic concerns the number of attributes the market favored during the quarter narrowed to emphasize growth and quality. Conversely, valuation metrics continue to be out of favor, which is likely being driven by generationally low interest rates and a lack of investor conviction in the sustainability of economic growth. Since central banks seem to be looking for opportunities to move away from the low rate environments we are in, this might change over the next year or so. Finally, dividend yield has not been a significant differentiator of performance so far this year.



Source: Todd Asset Management, Bloomberg



Stock selection drove basically all of our underperformance during the quarter. Energy, Real Estate and Materials were our best performing sectors. Our worst performing sectors were Consumer Staples and Technology. From a regional perspective our stock selection within the United States was the main detractor during the quarter. Emerging Markets and Europe ex-UK were our best performing regions.

We are overweight Financials, Energy and Consumer Discretionary. We also remain underweight Technology, Industrials and Health Care. Among regions, we are overweight the UK, Europe ex-UK and Canada. We are underweight Emerging Markets, Pacific ex-Japan, Japan and the US.

Our top five contributors to performance during the quarter were Kohls, Omega Healthcare, Chevron, Royal Dutch Shell and Vermilion Energy. Kohl's has been effective in driving store traffic through digital and loyalty program initiatives. Omega Healthcare reported better than expected results and announced some resolution for a few large tenants, whose delinquencies had been an overhang for shares. Chevron benefited from higher oil prices and continues to see production volume grow ahead of estimates. Royal Dutch Shell also benefited from higher oil prices and is using robust cash flow generation to pay down debt and boost shareholder returns. Investors reacted favorably to Vermilion's acquisition of Spartan Energy as it should enhance their cash flow generation moving forward.

Our worst five detractors from performance during the quarter were Philip Morris International, Tapestry, ING, British American Tobacco and AT&T. Philip Morris saw weaker than expected growth of their e-cigarette devices in Japan. Tapestry, formerly Coach, posted disappointing results as weaker margins and lower guidance weighed on shares. ING sold off with many European banks, however guidance for higher costs and more conservative capital levels have been particularly disappointing for investors. British American Tobacco experienced a similar growth slowdown in their e-cigarette business as Philip Morris. AT&T's results are being negatively impacted in the short-term as they invest in their streaming offerings like DirecTV Now.



International markets outperformed the US markets last year as expectations for their growth rates had accelerated compared to US growth rates. That outperformance has paused this year, as investors are bumping up their US growth estimates after tax reform. Additionally, concerns have grown that a trade war is erupting that could cause some slowdown in European and Chinese Manufacturing. While this may take some time to hammer out, we believe that negotiated settlements around these various trade disputes are likely and should help to improve investor sentiment.

Please feel free to contact any of us for additional information.

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

7/24/2018
MSCI ACWI (Net) - 251

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.

This publication has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. Commentary may contain subjective judgements and assumptions subject to change without notice. There can be no assurance that developments will transpire as forecast. Information contained herein has been obtained from sources believed to be reliable but not guaranteed. No part of this publication may be reproduced in any form, or referred to in any other publication, without express written permission of Todd Asset Management LLC. © 2018.



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.

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 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 March 31, 2018. 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 March 31, 2018. 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 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. **As of 12/31/17, the benchmark was changed to the MSCI ACWI (net) from MSCI ACWI (gross). The ACWI (net) is computed net of foreign tax withheld on dividends, this is consistent with the composite.**

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:

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.