April 19, 2016
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Disconnected

Todd International Intrinsic Value Review

	1Q 2016	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	-3.5%	-9.4%	2.4%	2.7%	11.8%	3.8%
(Net)	-3.8%	-10.2%	1.6%	1.9%	10.9%	2.9%
MSCI ACWI ex-US	-0.3%	-8.8%	0.8%	0.8%	9.7%	2.4%

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

The International Intrinsic Value underperformed the ACWI ex-US in the first quarter, declining -3.5% (gross) versus the ACWI ex-US loss of -0.3%. We still maintain comfortable outperformance compared with the benchmark over the long term.

"Disconnected" seems to be the best word to describe market performance for the quarter. After a narrowly led market dominated the scenes in the US last year (June-December), and most international markets were already well off their highs, worldwide markets went into a tailspin in January on recession fears. With oil declining dramatically as well, the global Central Banks responded. These actions drove a dramatic recovery in February and March to leave most indexes wildly unchanged for the quarter. Against a backdrop of a modest European Recovery, low US unemployment, and a reinvigorated China, stocks disconnected from fundamentals and tumbled. Skeptics will point out Japan and Latin America are in recession, however, we would suggest Europe, China and the US are still expanding, albeit more slowly than policymakers want. Beneficiaries of the volatility this quarter were the Energy and Materials stocks, which recovered with oil after February. Also, the January defensive winners, Telecoms, Utilities and Staples, maintained their outperformance for the entire quarter. Unfortunately, none of those sectors rank well on our work due to either high valuations or suspicious fundamentals, so they were significantly underweighted in our portfolios.

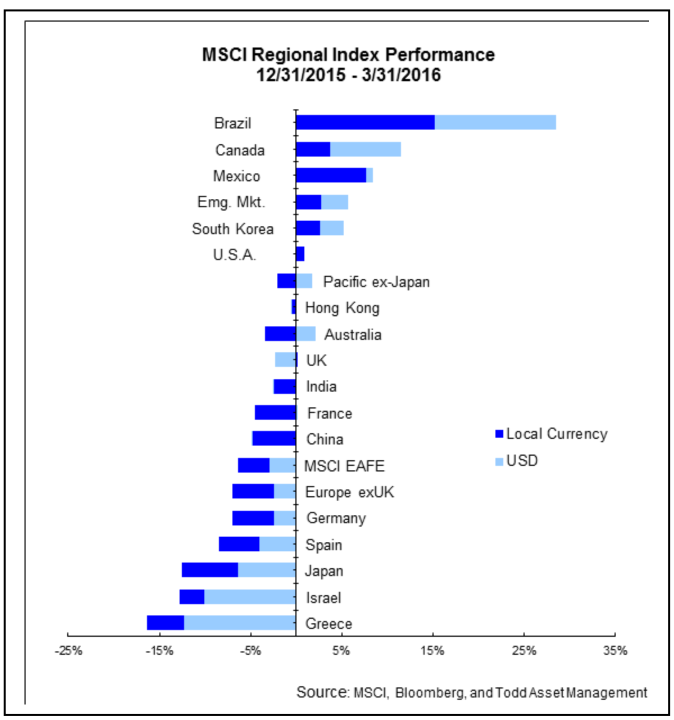
Some of the major items impacting the quarter were as follows:

- January market performance was very weak followed by just as dramatic a recovery in February and March. The US market dropped over 14% off the prior high, while the ACWI ex-US index bottomed at over 27% off its' high. Both markets rebounded approximately 13% off the lows, but sector leadership still indicates cautious attitudes among investors.
- Oil found new lows as excess supply from years of overinvestment collided with sluggish market demand. Oil declined from the $36/bbl to the $26/bbl before recovering to over $40/bbl. It appears the price of oil is bottoming, and our sense is the worst is behind us. Stay tuned.
- MSCI ACWI ex-US EPS estimates for 2016 have generally been marked down about 15% since June of last year as reported earnings tended to undershoot estimates. Estimates have started to hook upward in February and March.

- Bond yields plunged worldwide on recession fears. Europe and Japan pursued additional easing measures. GDP estimates declined dramatically for the quarter, leading to worries of a US, European and/or Chinese recession. Japan and Latin America are already in recession.
- The Euro and Yen strengthened against the Dollar despite their easing measures, as the Fed deferred rate increases and investors came to believe the pace of any rate increases will be much slower than previously anticipated.
- Confidence is fragile and it appears investors are waiting for a "Black Swan" event to unfold. Potential black swans would include:
    - Britain or Greece opting to exit the Eurozone
    - Continuing populist developments in the US election, New anti-inversion rules in the US
    - China potentially devaluing their currency
    - Continued or accelerating deflation in the EU and Japan, or,
    - More experiments with negative rates by central banks.

Some positive developments occurred during February and March. The Saudis indicated willingness to speak about an oil production cap. While nothing occurred, it prompted better oil prices and helped equity prices in the process. For the first quarter, the direction of oil prices and stock prices were closely correlated. It appears investors (or high frequency traders) consider oil prices to be the best instant gauge of economic activity.

After large run-ups from 2011 to 2014, most world markets have been in trading ranges or bear markets for the past two years. Central bank policies may be less potent as easy money can only do so much to bolster economic activity. Investors may be waiting for some pro-growth fiscal policies before we start the next leg of the secular bull. This cycle could be underway now with China, Japan, Europe and the US moving away from austerity and towards fiscal stimulus, but it is painfully slow.

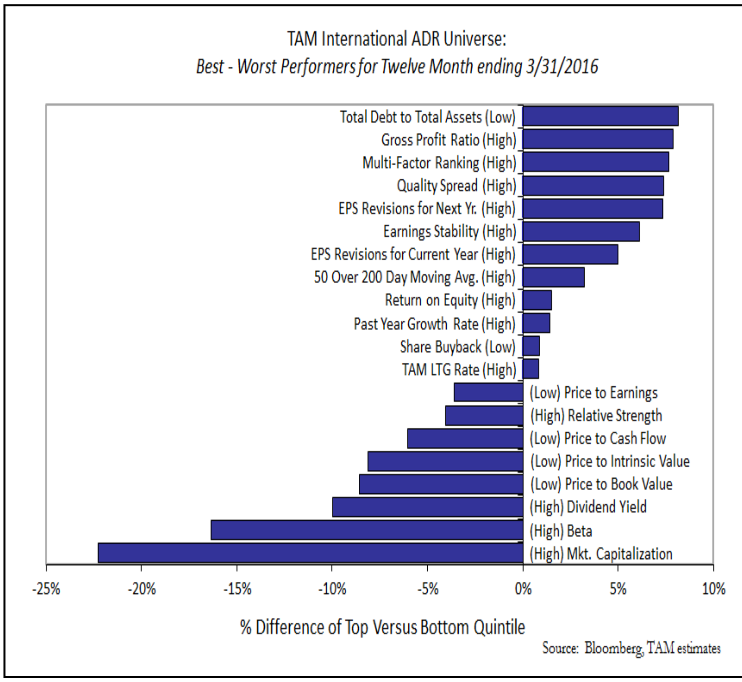


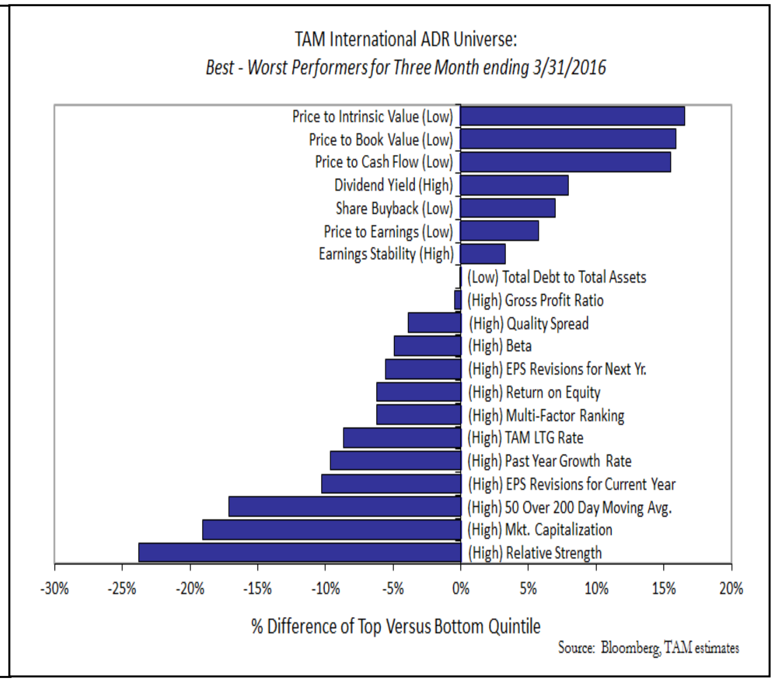
Examining market returns, the leaders for the quarter were generally those recovering from previous commodity related weakness. Brazil, Mexico and Canada led Emerging Markets to outperform most developed markets.

Developed markets, especially in Europe and Japan, were generally laggards. Greece was at the bottom of the list as concerns about the state of their bailout became apparent.

Currency concerns probably played a role in this as the Euro and Yen strengthened despite aggressive central bank actions designed to weaken them.

What Worked… And What Didn't





Market preferences did a complete turnabout in the first quarter, with investors shifting favor to visibility and value from last year's favorites of growth and momentum. Dividend yield was at the bottom of the rankings in 2015 but was rewarded this quarter. Unfortunately, one of the performance casualties this quarter was our multi-factor model, a key reason we lagged. This indicates to us that stock prices and fundamentals remain disconnected.

TODD
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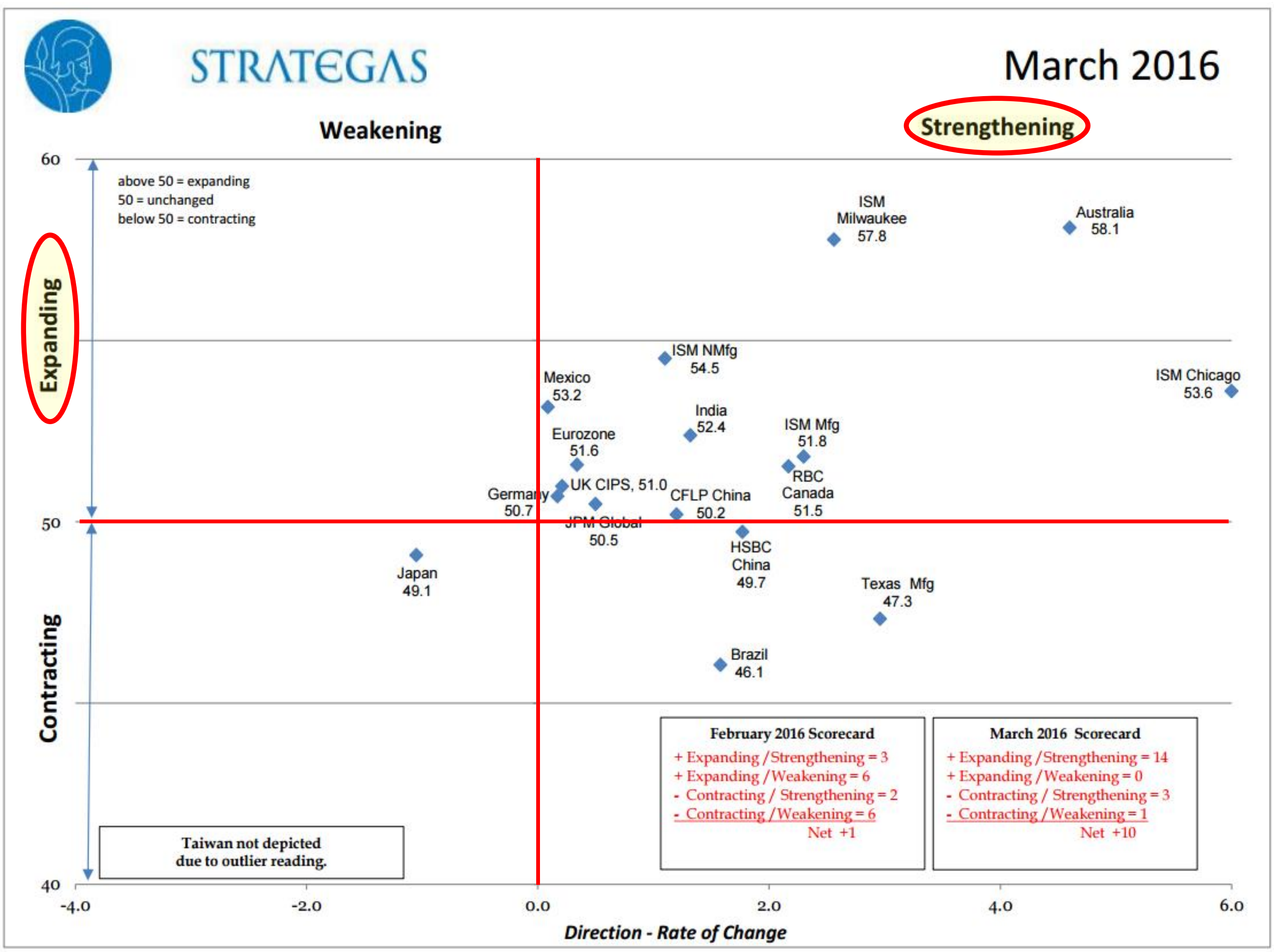
What would you call a worldwide economy where most of the constituents have accelerating growth in manufacturing activity? We think the correct term for that is recovery.

The chart below depicts the Purchasing Managers Index, a system used worldwide to determine if economic activity is expanding or contracting. Readings over 50 show expansion, while readings under 50 are contraction.

In March, most global readings indicated expanding activity at an accelerating pace.

Selected PMI Indexes



The International Intrinsic Value underperformed the ACWI ex-US in the first quarter, declining -3.5% (gross) versus the ACWI ex-US loss of -0.3%. That loss of -0.3% masks a fairly wild ride though. The ACWI ex-US index started the quarter declining 12% between January 1 and January 20, before rebounding from the February low to end almost unchanged. From the highs of July 2014, the market bottomed recently down about 27% from the peak before rebounding by about 13%. Our multi-factor model underperformed during the quarter, which played a role in our underperformance.

Our portfolio is overweighted in the Consumer Discretionary, Health Care, Industrial and Technology sectors. We are market weight in the Financial Sector. We are underweight in the Staples, Energy, Materials, Telecom and Utility sectors. The best performing benchmark sectors in Q1 were Energy, Materials, Staples, Telecommunications, Utilities and Industrials. The laggards were Health Care, Financials and Discretionary, all sectors that we are either market weighted or overweighted.

Our sector weights and stock selections both cost us performance this quarter. Within sector allocations, our underweight in Staples and Energy stocks hurt performance, while the overweight in Health Care hurt as well. Stock selection was a mixed bag, with selections in Financials and Industrials detracting from performance, while Consumer Discretionary and Telecom selections helped.

Our five best contributors to return were Volaris, Aon, Taiwan Semiconductor, Canadian National Railways and Navigator Holdings. Volaris, a low cost Mexican airline, posted much better than expected earnings on higher traffic. Aon, a leading insurance, brokerage and consulting firm, posted better than expected earnings and an improvement in their organic growth rate on brokerage sales. Taiwan Semi reported better than expected earnings and good progress on the next generation of chips. Canadian National posted good earnings and guided to better results in 2016 on productivity improvements. Navigator Holdings, an energy shipping company, rebounded with the recovery in oil prices.

The five stocks that cost us the most performance during the quarter were Mitsubishi UFJ, Netease, ICICI Bank, Barclays and Teva Pharmaceuticals. Mitsubishi weakened as Japanese interest rates turned negative, with negative implications for their Net Interest Margins. Netease weakened after mobile gaming revenues came in slightly less strong than investors hoped. ICICI posted weaker earnings and estimates were cut for future growth. Barclays weakened on credit concerns. Teva saw EPS miss estimates as they had generic competition for a branded product, Copaxone, in the EU during the quarter.

Review and Outlook

In our last letter, we said "We are in the midst of an old fashioned correction within a secular bull market." We believe this is still the case and a trading range remains in place until some uncertainties are resolved. Elections in the US, the fears of Britain, Greece or Denmark exiting the EU, concerns on Chinese growth and the effectiveness of Japanese efforts to revive a moribund economy are all concerns that could hold back markets. Against that backdrop, over the next couple of weeks the talking heads are going to begin the "Sell in May and Go Away" speeches.

Stocks have been climbing a wall of worry, and there are still many items to worry about. History suggests that US markets tend to meander in election years until there is some clarity about the outcome. Offsetting that uncertainty, there are economic recoveries continuing in the US, China and Europe. Stocks probably still outpace bonds, as any gains are better than the current negative yields for most government bonds.

As always, we are here to assist you. If you need any additional information, please feel free to contact any of us.

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Todd Asset Management LLC

4-18-2016
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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
INTERNATIONAL 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.

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 and were not recommendations for purchase or sale by investors. 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 primarily in large cap internationally domiciled, US traded equity securities, with the objective to seek capital appreciation. This goal is pursued by investing in a diversified portfolio of these equities which TAM believes are trading at a discount to their intrinsic value. The minimum account size for this composite is $1 million.

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 Composite contains fully discretionary, taxable, and tax-exempt accounts that use either the MSCI ACWI ex-US (Gross) or the MSCI EAFE Index (Gross) as the benchmark. Prior to April 1, 2010, this composite was known as the International 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 verified for the period January 1, 2008 through December 31, 2015 by Ashland Partners & Company LLP and 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 by Ashland Partners & Company LLP. In addition, a performance examination was conducted on the International Intrinsic Value Composite for the period January 1, 2011 through December 31, 2015. To receive a complete list and description of TAM composites and/or a full disclosure presentation which complies with the GIPS® standards, please contact 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, gross and net of management fees, and 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 .80% applied monthly. Prior to January 2007, the management fee schedule applied to the composite was .60%. 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 6/30/2013, the primary benchmark was changed to the MSCI ACWI ex-US from the MSCI EAFE. The ACWI better reflects the strategy guidelines with emerging market and Canadian exposure. Both indexes have been presented in the past. As of the aforementioned date the EAFE has been removed.

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 ex-U.S. (Gross) 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.