

Todd Intrinsic Value Opportunity Review

	2Q 2018	YTD	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Intrinsic Value Opportunity (Gross)	4.6%	-0.0%	8.4%	3.1%	8.4%	10.1%	9.8%
(Net)	4.4%	-0.4%	7.5%	2.3%	7.6%	9.3%	9.0%
S&P 500	3.4%	2.7%	14.4%	11.9%	13.4%	13.2%	10.2%
Russell 1000 Value	1.2%	-1.7%	6.8%	8.3%	10.3%	11.3%	8.5%

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

Performance Review

The IV Opportunity strategy increased +4.6% (gross) during the quarter, outperforming the S&P 500 (+3.4%) and Russell 1000 Value (+1.2%). Year to date, the strategy breaks even -0.0% (gross) vs. the S&P 500 at +2.7% and Russell 1000 Value at -1.7%. This is a strategy that seeks stocks having an attractive Price to Intrinsic Value and pairs that with stocks that we believe possess the highest measures of profitability efficiency, financial strength or market acceptance. It has encountered headwinds over the past few years that we believe are starting to lessen and should allow for better performance over the coming years.

Our factor work showed a notable narrowing of factors that worked for the quarter. Value metrics continue to underperform, while Earnings and Quality related factors ranked among the best performers. Our Price to Intrinsic Value measure was pressured this quarter because of this. The other factors we pair with include Gross Profit Return on Assets (our profit efficiency factor), Share Repurchase (our financial strength factor) and Relative Strength (our market acceptance factor). The Gross Profit ROA factor worked well as a standalone, while Relative Strength was slightly negative and Share Repurchase was significantly negative. Historically, pairing value with other factors to recognize that value has worked well. We believe that is what helped this quarters returns.

Sector and industry exposure is most notable in Consumer Discretionary, particularly within Retail, Capital Goods, Oil and Gas Refiners, Semiconductors and IT Services & Software.

Our top five contributors to performance during the quarter were NetApp, Valero Energy, F5 Networks, Tractor Supply and Phillips 66. NetApp is well positioned for the shift to flash and cloud storage and is seeing revenue and earnings growth reaccelerate. Both Valero and Phillips 66 are benefiting from more favorable refining margins, enabling them to return more cash to shareholders. F5 Networks is seeing product growth reaccelerate after a slow and



disappointing start to their upgrade cycle. Tractor Supply saw results recover on better demand from Energy and Agriculture markets as pricing has firmed up.

Our worst five detractors from performance during the quarter were Applied Materials, United Rentals, Fastenal, Walgreens Boots and DXC Technology. Applied Materials saw weakness related to a weaker than expected outlook for memory spending. United Rentals failed to meet high expectations in their first quarter release and “trade war” concerns further weighed on shares. Fastenal saw margin pressure from softer pricing causing it to miss earning expectations. The threat of Amazon’s entry into the pharmacy space via the acquisition of PillPack weighed on Walgreens Boots. DXC Technology shares sold off as investors were disappointed with forward earnings guidance issued on their quarterly call.

Markets are wrestling with many factors and confidence appears limited despite the fact that the S&P is trading near the highs of the year. Investors are rushing into a crowded trade in the FANG stocks (Facebook, Amazon, Netflix and Google). These stocks have been the leadership for some time, and by some measures have accounted for more than two thirds of the markets gains this year. Uncertainty about economic growth is the cause of this concentration of performance. As the year progresses, we believe investors will regain some comfort that the economy will continue to grow despite the noise we are getting from Washington. As that comfort grows, we anticipate markets should act better, and investors should be willing to venture beyond the FANG stocks and look for value in other parts of the market.

As always, if you need any additional information, Please feel free to contact any of us.

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7/24/18
S&P 500 – 2,820
Russell 1000 Value – 1,217

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.

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TODD ASSET MANAGEMENT LLC 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.

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 equity securities within the S&P 500 Index with the objective to seek capital appreciation. This goal is pursued by investing in a portfolio of securities that are in the least expensive third of the S&P 500 Index using a rules based process based on financial strength, profitability strength and market acceptance.

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 Intrinsic Value Opportunity Composite contains fully discretionary, taxable and tax-exempt accounts that use either the S&P 500 Index or the Russell 1000 Value 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 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 Intrinsic Value Opportunity 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 transactions costs, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. From October 2009 to March 2014 the management fee schedule applied to the composite was 0.70%. Prior to October 2009, 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.

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:

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.