April 20, 2015
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QE- The Changing of the Guard

Todd Global Intrinsic Value Equity Income Review

	1Q 2015	1 Year	3 Year*	Since Inception (01/01/11)
Global Intrinsic Value Equity Income (Gross)	-2.49%	1.23%	11.61%	11.80%
(Net)	-2.64%	0.62%	10.94%	11.13%
MSCI ACWI	2.44%	5.98%	11.36%	8.97%

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

The Global Intrinsic Value Equity Income strategy posted a gross return of -2.49% for the quarter, compared with the MSCI ACWI return of 2.44%. International stocks performed better than their US counterparts. US stocks have been the global leadership since the Fed initiated Quantitative Easing after the financial crisis. Our sense is that this is changing because we are heading into a period where the ECB and Bank of Japan are pursuing these policies and the US Fed is not. This changing of the guard regarding who is performing quantitative easing could lead international markets to outperform domestic markets for the next year or more. During the quarter, investors considered and reacted to the following factors:

- The ECB finally embarked on a quantitative easing program. They plan to buy up to 60B Euros of assets per month. They and the Japanese are the largest central banks pursuing QE now. As a result of this the Euro has declined in value against the dollar. We expect a cyclical upswing in Europe.
- Global growth slowdown fears led to several surprise easing moves. China, India, Australia, Denmark and Switzerland lowered their rates. The Bank of England is on hold and the Bank of Japan extended their QE program. Most Northern European bonds out to roughly eight years in maturity are at negative rates.
- Economic expectations for Europe remain low, but have been rising over the past few months. Pent up demand, coupled with QE is a powerful combination, as evidenced by the US.
- US Interest rates declined again during the quarter despite consensus expectations for a near term Fed tightening as the impact of NEGATIVE European rates rolled into US markets. Most Northern European bonds out to roughly eight years in maturity are at negative rates.
- Oil prices remained pressured, as a supply glut meets sluggish demand. Inflation has declined dramatically, and consumers should benefit from this.

We believe as long as QE programs remain in place driving rates lower in developed markets, investors will be pressured into buying other asset classes, like stocks. Many markets are at new or multi-year highs for this and other reasons. We believe European, Chinese and Japanese growth should be firmer. We also think that US growth estimates should recover as the year progresses.

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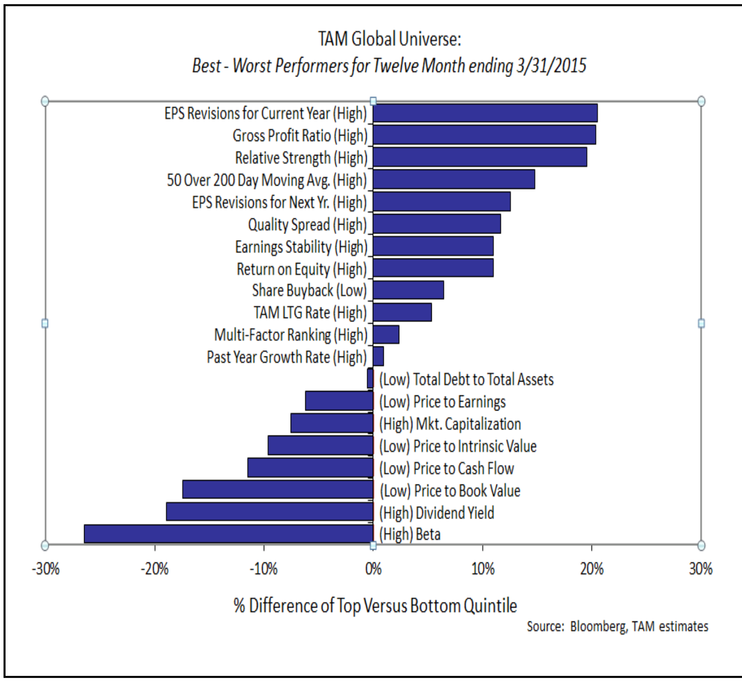
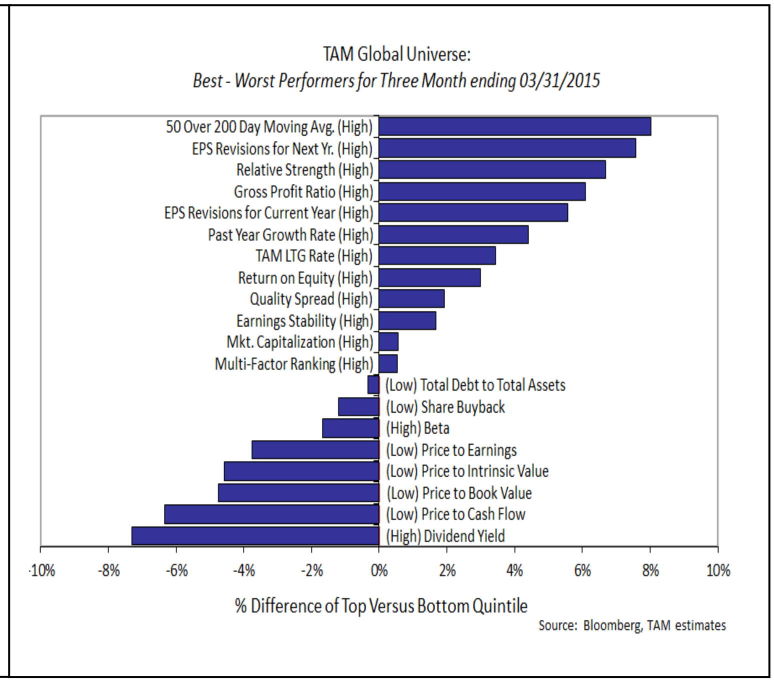
Shown below are our customary charts describing which factors have been helping or hindering performance for US stocks. The chart on the left shows the trailing twelve month performance while the chart on the right illustrates the most recent quarter. Over the trailing quarter and year, the market has preferred visibility over valuation. Specifically dividend yield was at the very bottom of factors that worked, significantly underperforming the ACWI index in both time periods. This was a primary reason for the recent underperformance of the GIVEI strategy. Specific drivers during the quarter favored stocks showing evidence of good market performance or fundamental strength. The best factors during the quarter were relative strength measures, earnings revisions measures and profitability measures. Valuation and dividend measures lagged badly during the quarter. Investors treated the cheaper stocks as damaged goods throughout the market. These characteristics lead us to think investors are worried about the economy. If this is the case, we anticipate the worldwide economies strengthen through year end, and some of these valuation measures could see a rebound in performance.





For the quarter, stock selection was responsible for the entire underperformance. In fact, all ten economic sectors detracted from performance, something we have never seen before. We believe this is a result of dividend stocks being so punished during the quarter, as we discussed in the charts above.

Clearly, the rapid decline in energy prices affected our portfolio as the Energy sector was the largest overweight in the portfolio (traditionally high yielding stocks). Likewise, we are also overweight Canada (traditionally high yielding stocks), whose economy is commodity based and has weakened recently. Together, these two areas were responsible for a good part of the underperformance in the first quarter.

Within the portfolio, we generally found that our stock selection in Consumer Discretionary, Energy and Financials detracted from performance the most. Our best five contributors within the portfolio were Coach, CA Inc, Westpac Banking Corp, China Mobile Ltd and AXA Sa. This list continues to be diversified and contains two companies from the Finance sector. The five stocks that detracted most from the portfolio are Intel, Shaw Communication, Sun Life Financial, Bank of Montreal and Bank of Nova Scotia. Four of these names were Canadian, reflecting the deteriorating Canadian economy as a result of lower energy prices.

The Outlook

We see great potential for worldwide economic activity to improve as the effects of lower energy prices, pent up demand and quantitative easing impact equity demand. Stocks tend to follow economic activity, and we believe a recovery is likely in North America from depressed winter levels. Europe and Asia should benefit as well as they are emerging from recessions (again!). Pent up demand for consumer durables remains strong worldwide, led by a strong appetite from consumers for autos. We view the weakness in the Euro and Yen as a development that should spur demand for their products. We believe the Chinese are still working to stimulate demand and probably continue that for some time to come. Quantitative easing has forced interest rates to turn negative in many European markets. Charging investors to hold their money forces them to seek other places to put their money, like stocks.

We are concerned about several items. Dollar strength could keep pressure on the Chinese exports as their currency is still tied to the dollar. Additionally, there are financial and geopolitical pressures coming from Europe as concerns grow about a Greek exit of the EU, or Russia’s incursions into the Ukraine. The Brits are having an election on May 7, and some anti EU sentiment is cropping up. We will have to see where that leads. We are seeing many risk indicators suggest that stresses and worries are increasing in the European Markets. Other concerns could arise from China, and the slowdown they are experiencing.

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

Jack White, CFA Curt Scott, CFA Jack Holden, CFA

Todd Asset Management LLC

4-17-2015

MSCI ACWI – 434.01

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
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 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 solely as part of 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. Investors should not construe the Composite's performance or any security as predictive of future results. 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 public funds, corporate funds, IRAs, and high-net-worth individuals, invested primarily in large cap, high quality, attractively valued domestic and international equity securities with the objective to seek dividend income. A secondary focus is growth of income and 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, TVAM redeemed ownership units held by individuals who supported the growth products founded under VAM, and changed its name to Todd Asset Management LLC. The firm continues to offer the same products and strategies managed by the same individuals and process founded under TIA

The Global Intrinsic Value Equity Income Composite contains fully discretionary, taxable, and tax-exempt accounts that use the MSCI ACWI (Gross) 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 verified for the period January 1, 2008 through December 31, 2014 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 Global Intrinsic Value Equity Income Composite for the period January 1, 2011 through December 31, 2014. 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, 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. 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 (shown with dividends reinvested):

MSCI ACWI (Gross) Index is a float-adjusted market capitalization index that is designed to measure the equity market performance of developed and emerging markets.