**January 23, 2018**
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**Partner, Senior Portfolio Manager**

# This Is What a Secular Bull Looks Like

*Todd Global Intrinsic Value Equity Income Review*

| | 4Q 2017 | 1 Year | 3 Years * | 5 Years * | Since Inception * (01/01/11) |
|---|---|---|---|---|---|
| Global Intrinsic Value Equity Income (Gross) | 5.3% | 19.6% | 8.3% | 11.2% | 11.1% |
| (Net) | 5.2% | 18.9% | 7.6% | 10.5% | 10.5% |
| MSCI ACWI | 5.8% | 24.6% | 9.9% | 11.4% | 9.3% |

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

Worldwide economic growth continued to accelerate in the fourth quarter, and was complemented by good earnings and more pro-growth policies from the US, Europe, Japan and elsewhere. "Animal spirits" are reawakening in the markets. The primary concerns voiced by skeptics are political in nature. Concerns center on North Korea, Iran, and the state of US politics. Many observers expect the midterm elections to go for the Democrats, which might upend the Republican agenda. Still, the market is not worrying about this as gridlock in DC is usually liked by markets. We expect 2018 to be a good year for markets, but are mindful that volatility will return at some point.

We recently published a think piece titled "The Case for the S&P 500 Doubling and a Global Bull Market." As we watch this unloved US market advance expand into a Global Bull Market, we realize this is what a secular bull market looks like. This secular (i.e. long term) bull market, which was confirmed in 2013 for the US by the new market highs, has been expanding globally more recently. With the economic excesses that triggered the great recession being largely addressed, we believe this global bull market has some time to run and should be supported by solid global economic growth.

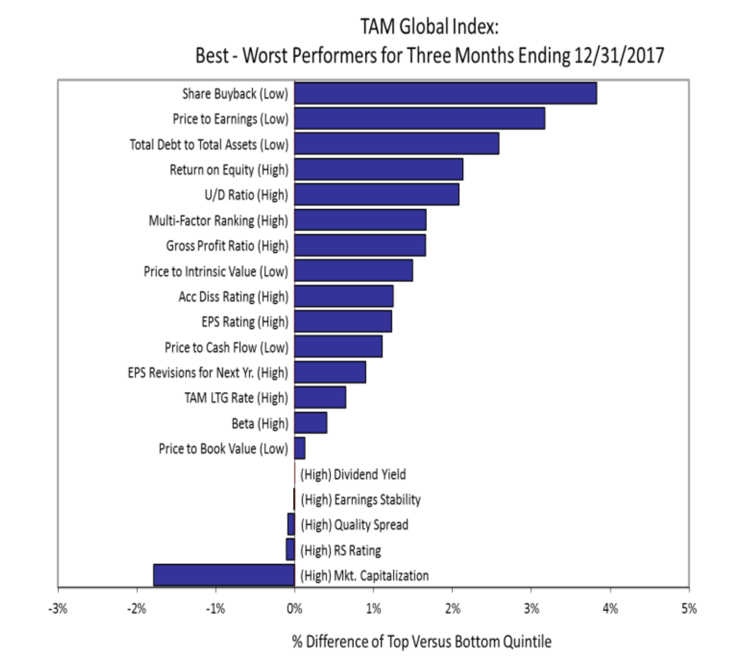
In 2013, we wrote "The case for S&P 2500." At that point, the S&P 500 was trading at about 1800 and had recently broken out of a fourteen year sideways pattern. Historically, when the index had done that, it generally heralded a 10 year plus run that provided annual returns of 11% to 12% on price and mid-teens on total return. Truthfully, we wanted to call that article the case for 4000, but figured the world would assume we were crazy and dismiss the thesis. Now that we were proven correct and are over our initial 2500 target, we believe that worldwide equity markets remain in a secular bull run that probably allows them to double or better over the next 5 years. We believe investors are warming to this market and the path leads to over 5000 on the S&P by 2023. We believe upside for international markets is likely greater than for the US, because they are earlier in their economic expansions and just starting to break out to new highs.

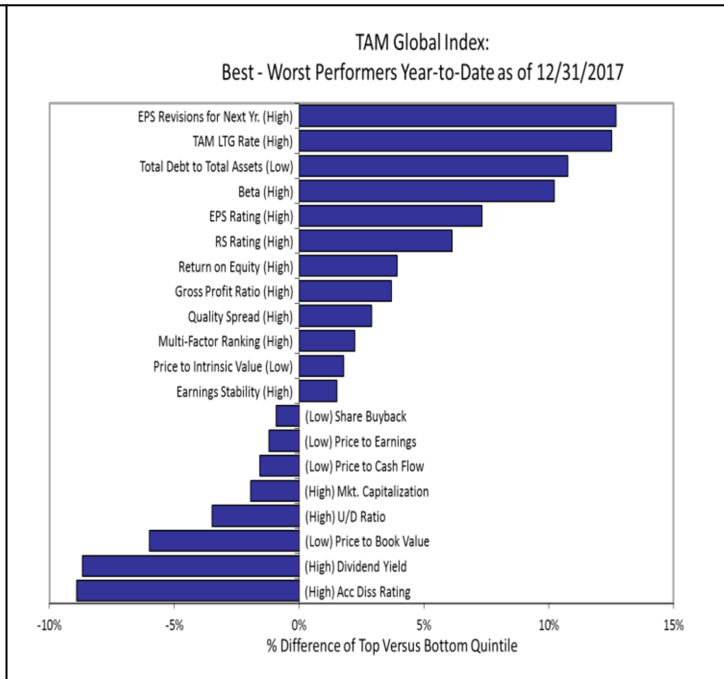
For a more complete report on this thesis, please click the link above for our recent report dated January 12 or visit our website www.toddasset.com.

Our customary charts that illustrate the factors being rewarded within the marketplace during the fourth quarter of 2017 and year-to-date period are presented below. They indicate how the best 100 stocks from our Global Universe compared to the worst 100 for each measure. A few observations we wanted to share were:

- The number of factors being rewarded has risen compared to 2016. This broadening of factors represents a more "normal" market. As banks exit QE we expect more normalization.

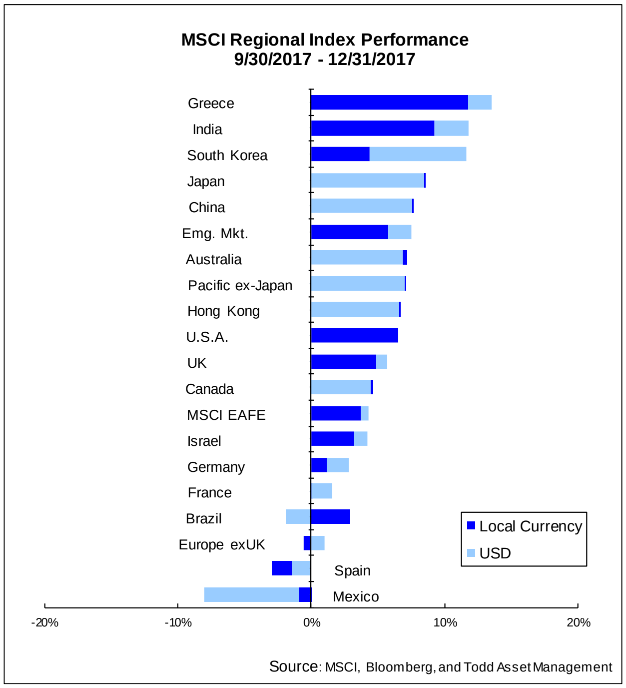
- For the full year of 2017, Dividend Yield was the second worst factor with higher yielding stocks underperforming lower yielding stocks by almost 9%. This was a big reason for the strategy underperforming the ACWI index for the full year.




Source: Bloomberg, TAM

Year to date performance has been good for equities, particularly growth and Emerging Markets indexes. As confidence in the globally synchronized recovery grows and more central banks get back to a normal rate structure, we believe that fundamental factors should continue to remain in favor and allow active managers to outperform the index.




Performance by country is presented in the chart to the left. Japan and South Korea were the only developed countries among the top five. While the US was the middle of the pack, most major European developed markets were the laggards in the quarter. Currency fluctuations played role in the quarterly ranking for South Korea and Mexico. The appreciation of the US Dollar versus the Mexican Peso pressured dollar returns for that country and likely weighted on the underlying index as well. The dollar's depreciation versus the Korean Won also impacted US investor returns during the quarter. The emphasis on the Emerging Markets remained in place during the fourth quarter, much like it has been for the full year.

## Performance Review

The GIVEI strategy increased +5.3% (gross) during the quarter, underperforming the MSCI ACWI index return of +5.8%. The fourth quarter saw a risk-on trade as global economic data continues to improve causing our high quality, yield oriented strategy to lag. We continue to see a broadening out of investor preference for fundamental characteristics, which should benefit this discipline over time.

Stock selection drove our underperformance during the quarter. Our best performing sectors during the quarter were Consumer Discretionary, Information Technology and Materials. Regionally, Europe was area to outperform. Our worst performing areas were Financials and Reits. Factor analysis shows that investors are rewarding a broader list of characteristics, particularly those related to earnings momentum. Large Cap and shareholder returns (yield and share buybacks) detracted from performance.

We are overweight the Financials, Energy and Consumer Staples, sectors. We are underweight the Technology, Industrials and Healthcare. Regionally, we are overweight the UK, Canada, and Europe. We are underweight Emerging Markets and Japan.

Our top five contributors to performance during the quarter were Kohls Corp, Intel Corp, LyondellBasell, Altria Group and Cisco Systems. Kohls reported better than expect comp store sales growth in the Nov/Dec time period which should bode well for future growth. Intel delivered a sizable beat and raise in the third quarter. LyondellBasell posted record results during the quarter as favorable input pricing helped to boost margins in their largest business segment. Altria would be a major beneficiary of US tax reform from a cash flow and financial strength standpoint. Cisco reported a solid third quarter and guidance exceeded expectations.

Our worst five detractors from performance during the quarter were Omega Healthcare, GlaxoSmithkline, Philip Morris Int'l, National Grid and AXA Financial. Omega Healthcare reported that a couple of properties were delinquent on their rent causing a larger than expected charge for the quarter. GlaxoSmithkline reported a low quality quarter and investors were disappointed by no meaningful new products in the pipeline. Philip Morris continues to experience currency headwinds and a difficult pricing environment despite improving volumes. National Grid continues to have uncertainty surrounding rate negotiation in the US as well as the UK. AXA Financial continues a strategy of simplifying their operating model as well as the potential to IP US business segment. Investors remains skeptical to their success.

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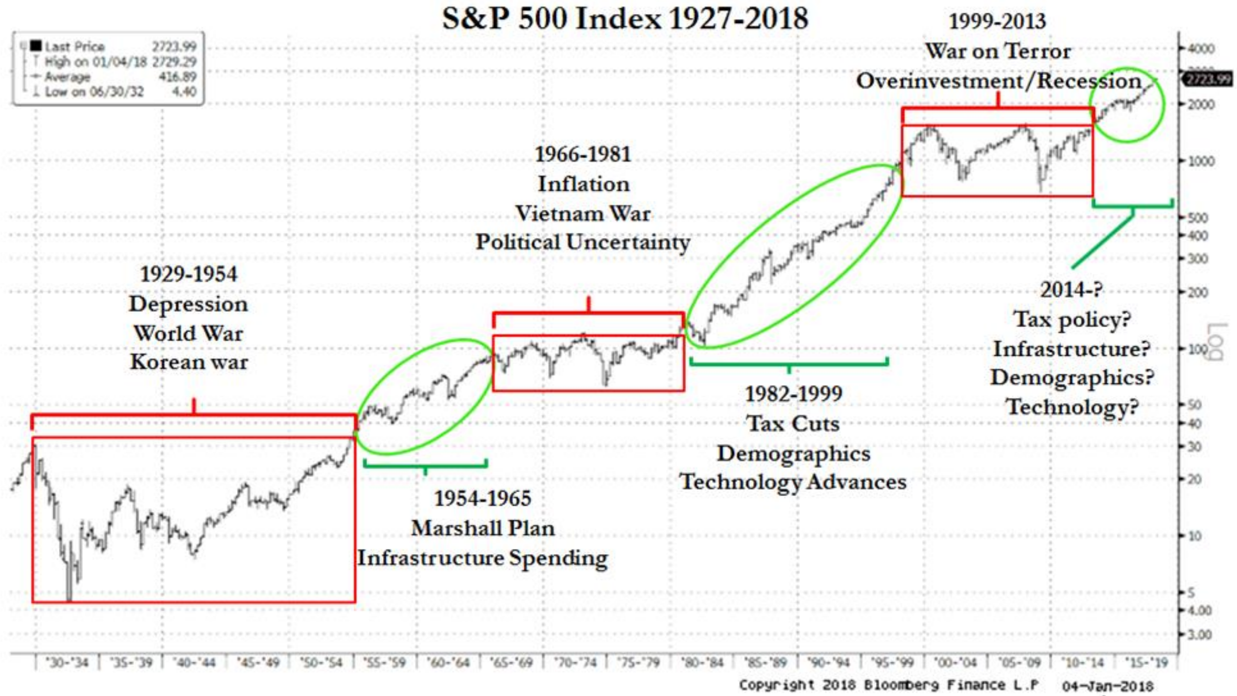
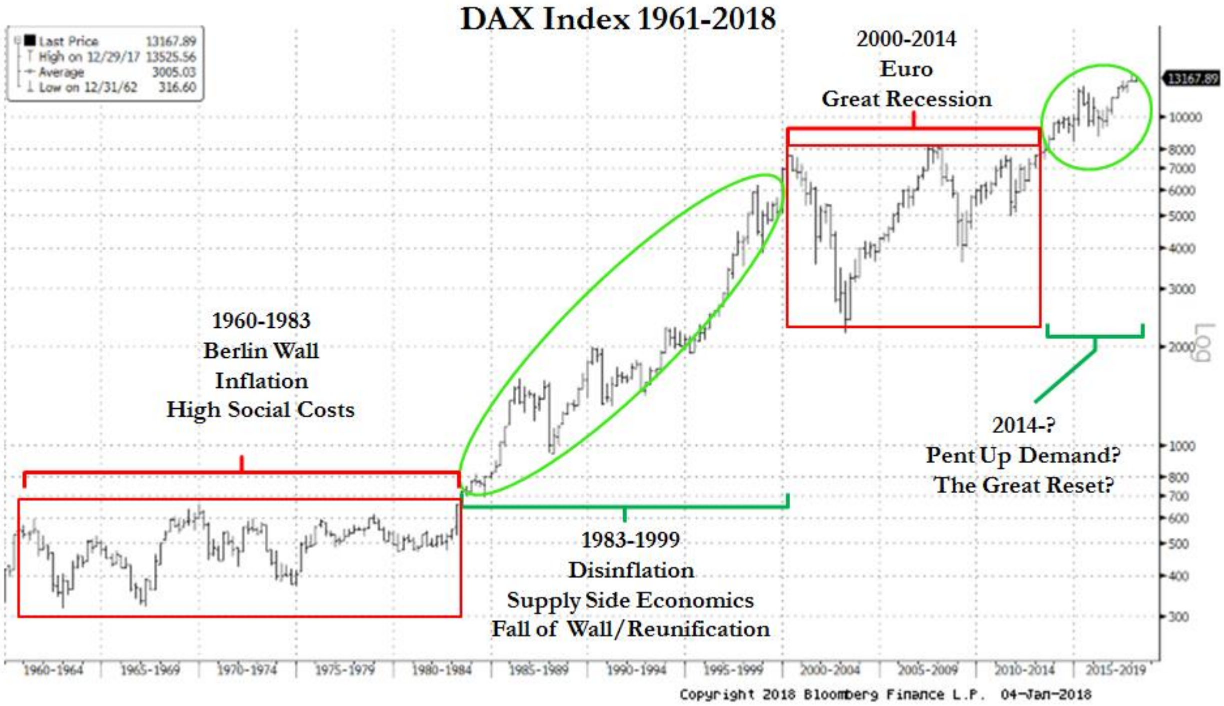
**Highlights from "The Case for the S&P 500 Doubling and a Global Bull Market"**

The US, Germany and Britain have broken out of long term trading ranges. Historically, this precedes a long secular advance driven by improving macro forces. We think this time is not different, and that there is likely another 10 years or more to run for this secular bull market. Most global markets are only just starting to recover, so their upside is probably better than for the US market. Read our detailed report referenced above for more information.





DAX Index 1961-2018
Last Price 13167.89
High on 12/29/17 13525.56
Average 3005.03
Low on 12/31/62 316.60
2000-2014
Euro
Great Recession
1960-1983
Berlin Wall
Inflation
High Social Costs
2014-?
Pent Up Demand?
The Great Reset?
1983-1999
Disinflation
Supply Side Economics
Fall of Wall/Reunification
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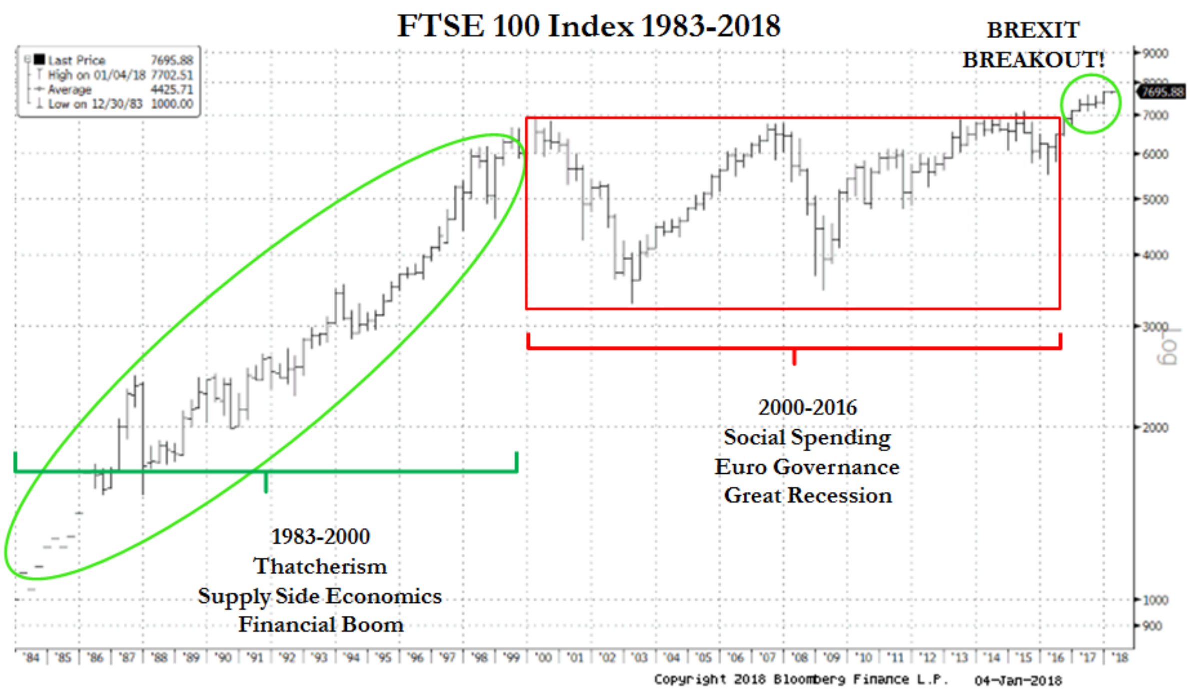

FTSE 100 Index 1983-2018
BREXIT
BREAKOUT!
Last Price 7695.88
High on 01/04/18 7702.51
Average 4425.71
Low on 12/30/83 1000.00
2000-2016
Social Spending
Euro Governance
Great Recession
1983-2000
Thatcherism
Supply Side Economics
Financial Boom
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Growth estimates are being increased for the International and US economies. Earnings estimates have recovered as well, after coming through the earnings recession of 2015-2016. Pro-growth policies have been enacted in the US, Europe and Japan. Commodities appear to be recovering, and our economic checks do not suggest large excesses in most developed economies. We believe this is a recipe for a long term bull market, and despite the objections of the bears, initial results in January seem to support that bullish position. Our guess is the US tax cut is going to prove more stimulative than most economists are estimating. As numbers continue to firm, markets are likely to rise. Despite the new highs in many markets, you won't hear that position espoused by many strategists. As this occurs, and central banks work to raise rates to more normal levels, we think fundamentals continue to be the driver for stocks as illustrated in our factor charts above. As this occurs, we believe our fundamentally based strategies should have a good chance to outperform the markets.

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

1-23-2018
MSCI ACWI – 542

***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
## 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.**

**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 (Gross) 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 September 30, 2017. 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 September 30, 2017. 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.

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