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ASSET MANAGEMENT LLC

January 18, 2019
Intrinsic Value Team
Todd Asset Management

Todd Global Intrinsic Value Equity Income Review

	4Q 2018	1 Year	3 Years *	5 Years *	7 Years *	Since Inception * (01/01/11)
Global Intrinsic Value Equity Income (Gross)	-13.4%	-10.9%	6.0%	3.5%	8.2%	8.1%
(Net)	-13.5%	-11.5%	5.4%	2.9%	7.5%	7.4%
MSCI ACWI (Net)	-12.8%	-9.4%	6.6%	4.3%	8.4%	6.3%

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

Global markets suffered significant declines in 2018 as investors suffered from the worst kind of anticipation, namely worrying about a potential recession. Emerging Markets suffered more than Developed, with a peak to trough decline of -26% vs. -23%. However, Emerging Markets did bottom two months before the developed markets, and actually were the best performers globally in the fourth quarter. Most Central Banks and Economists are not predicting a recession, but investors have long memories and appear to be inclined to anticipate the worst after the Great Recession experience.   As we look at it, this episode feels like an Echo of 2016, another period that was trying for markets. Our sense is it probably plays out the same way, i.e. no recession and a recovery in stocks with good fundamentals.

The past six months feel like an "echo" of 2015-2016. There are many parallels, but also some indications of market shifts as well.   The most important of these is that the Emerging Markets outperformed ACWI-exUS and International outperformed the S&P 500 for the fourth quarter after underperforming dramatically through the third quarter. It appears investors are starting to rotate to the International Markets, but we will need to see if there is any staying power to the move.

The worries investors are most focused on include:

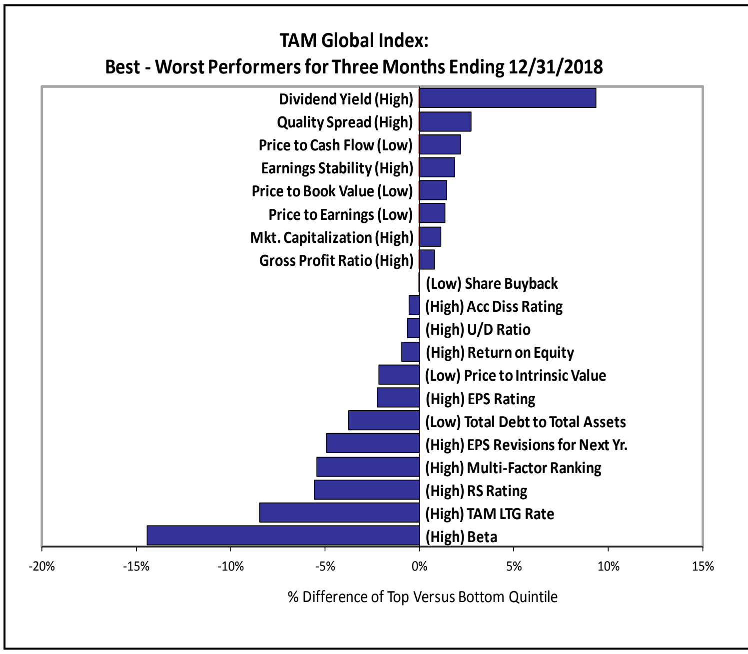
- Global growth concerns- International growth has weakened. China's growth slowed on financial reform and trade concerns. Europe suffered from a one-time item that caused European car sales to decline. Japan suffered through earthquakes and hurricanes that slowed activity.
- Central Banks are becoming less accommodative- The ECB ceased buying bonds, and the Federal Reserve has been raising rates. Against that, China has become stimulative to counter slowing growth.
- The Dollar strengthened for most of the year and that hurt marginal players like levered EMs.
- Trade barriers, tariff concerns, Brexit, French and Italian populism have all combined to make investors feel less secure.
- Commodity weakness has been prompted by oversupply concerns in oil, and lingering growth concerns for international economies.

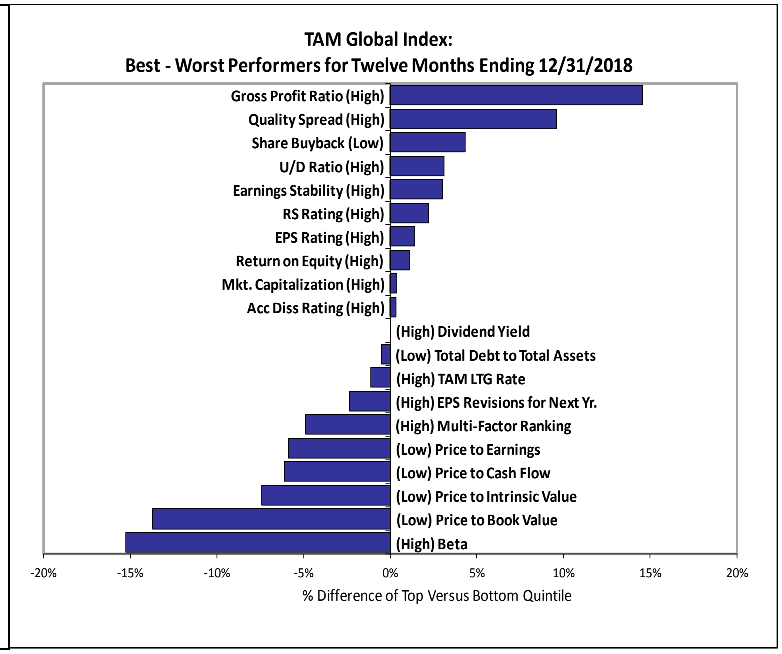
With these concerns, investors have concluded there is an imminent recession. Yield curves generally do not support this, as most international yield curves remain fairly positively sloped. The US yield curve is flat, prompting these fears. Global investors have rewarded the traditionally defensive sectors of Staples, Utilities and REITs since March, despite the fact that they have higher valuations than the cyclical sectors.

There are several potential developments that could reduce uncertainty, improve economic visibility and generally help confidence within markets. Those potential developments would include:

- Progress on trade and tariff concerns. The US is working on EU, UK and Japanese trade deals, and negotiations with China are beginning to yield small steps that indicate some progress.
- Fiscal Stimulus in China, Europe, and Japan. We are seeing populist politicians promote spending and supply side reforms.
- Resolution to Brexit. By definition, we will know whether it is an orderly, disorderly or delayed Brexit as Parliament votes on the issue.
- Italian budget cooperation with the EU. The recently revised budget was a step in that direction.
- A Federal Reserve pause. The reaction to December's statement was poor. It was more dovish than prior statements, but not dovish enough for markets. We will see what future meetings hold.
- Oil prices firming. Indicate a reduction in current oversupply and/or better global growth outlooks. The Saudis and Russians agreed to a reduction in output, which should help.
- Strength in the Euro, Yen or Renminbi- would indicate the markets are less concerned about a global growth slowdown.

In all, we think 2019 will prove to be a better year for investors than 2018, but markets may not be out of the woods just yet. There are still many things that need resolution as you can see from the list above. We do think several of these developments should occur and yield a better backdrop for markets.





We present our customary factor analysis for the fourth quarter (chart left) and year to date (chart right) above. Global investors sought the safety of dividend yield, low valuations and quality during the fourth quarter. For the full year the factors favored centered on quality more than valuations. As was the case in 2016, the list of factors that helped performance narrowed significantly. Only five of the factors added any meaningful advantage for the year to date. This narrowing usually characterizes periods that investors are fearful.

Performance Review

The Global IV Equity Income strategy declined -13.4% (gross) during the quarter and is down -10.9% (gross) year to date, underperforming the MSCI ACWI return of -12.8% for the quarter and -9.4% year-to-date. As of the end of the year, the yield on the strategy remains above 5%, a historical high since the beginning of the strategy in 2011. The 5 year historical growth rate of this dividend has been well above 5%.

Stock selection drove all of our underperformance during the quarter. Technology and Health Care were our best performing sectors. Our worst performing sectors were Consumer Staples, Financials and Consumer Discretionary. From a regional perspective the United Kingdom and

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Japan were our best performing regions. The Emerging Markets, Canada and the US were our worst.

We are overweight Financials, Energy and Consumer Discretionary. We also remain underweight Technology, Industrials, Communications and Materials. 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 Omega Healthcare, AbbVie, GlaxoSmithKline, Astrazeneca and National Grid. Omega Healthcare posted better than expected results as they've started to move past restructuring and future growth should improve coverage for their dividend payments. AbbVie experienced strong results from their HepC franchise and pipeline opportunities exist to replace Humira patent expiration in 2025. GlaxoSmithKline also posted better than expected results on strong sales of Shingrix (Shingles vaccine) and Advair (asthma). Astrazeneca has seen new product launches perform well, particularly new cancer drugs. Results in China have also been strong. National Grid, a utility in the United Kingdom, benefitted from a shift to defensive companies during the 4th quarter.

Our worst five detractors from performance during the quarter were Tapestry, Pacwest Bancorp, Eaton, British American Tobacco and Emerson Electric. Tapestry shares sold off as the trade dispute with China intensified and investors become concerned over rising costs for Coach branded apparel. Pacwest saw higher deposit costs pressure margins during the quarter and shares continued to weaken on concerns over US rate hikes. Eaton saw weaker than expected sales in electrical products as tariff concerns are slowing order growth. The US FDA announced its intention to ban menthol from combustible cigarettes, which would be a challenge for British American Tobacco. Emerson Electric softened their forward guidance citing macro concerns.

Summary

Most asset classes did poorly last year, but international equity investments performed worse than most for US based investors. That was in stark contrast to 2017, where the international markets outperformed most other asset classes for US investors. Investor worries are well known, but most center on a potential economic slowdown becoming a recession. Those qualms, coupled with Dollar strength, resulted in international markets underperforming the S&P.

Nobody can be certain when markets bottom, but we believe they are in the process of doing so. This is likely to be a multi-month process. As we see this play out, we believe the Dollar is poised to weaken this year. If agreements are reached on trade, or the Fed pauses while the ECB creeps closer to normalizing rates, or global growth rates even out as the US slows, or the growth in the US twin deficits rises we would expect dollar weakness instead of strength. That could be a turning point that international investors are waiting for. When international markets start to outperform the US, they usually do so for the better part of a decade.

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

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01/18/2019
MSCI ACWI (Net) – 234 (Intraday)

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 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 September 30, 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 September 30, 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.

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