

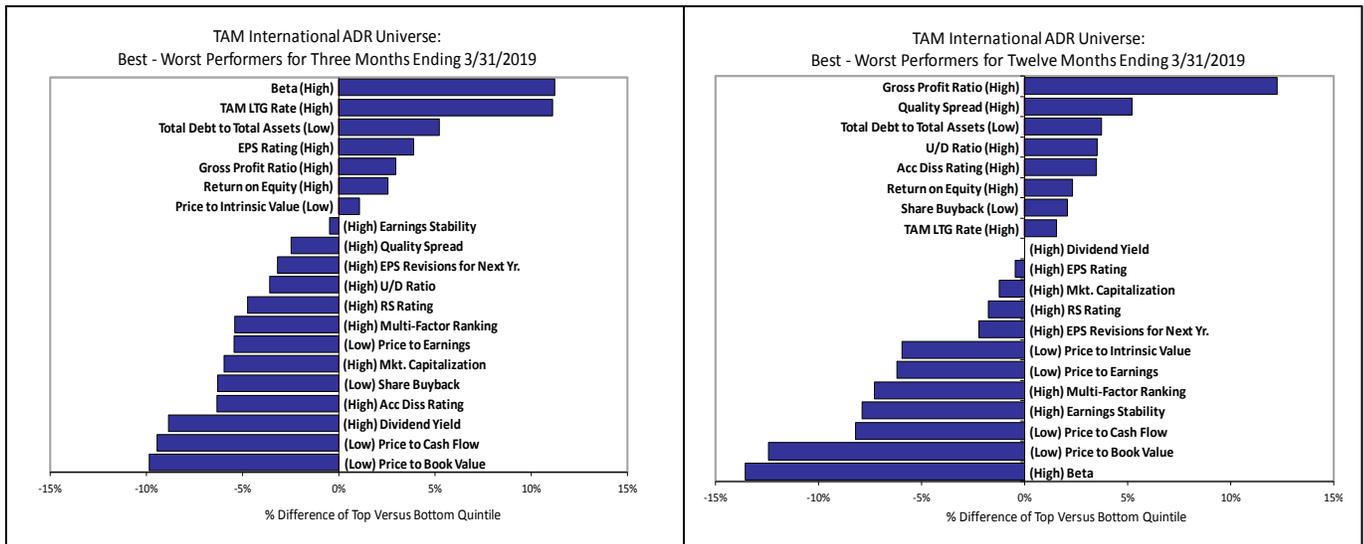
*Todd International Intrinsic Value Review*

	1Q 2019	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
International Intrinsic Value (Gross)	13.1%	-7.3%	5.9%	1.8%	4.8%	10.0%
(Net)	12.9%	-8.1%	5.0%	1.0%	4.0%	9.1%
MSCI ACWI ex-US (Net)	10.3%	-4.2%	8.1%	2.6%	4.7%	8.9%

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

**Performance Review**

The International IV strategy rose +13.1% (gross) during the quarter, outperforming the MSCI ACWI ex-US of 10.3% by nearly 3%. The first quarter saw a strong rebound from a fourth quarter swoon that was driven by fears of a globally synchronized slowdown. Those worries and the rebound that followed were fed by anticipation of two deals, a China/US trade deal and a Brexit deal. We’ve seen the return of Bond Vigilantes (BV’s) globally, as rates have declined since the middle of last year. In the old days, the BV’s drove rate higher during the Clinton era as they worried about inflationary spending. Our sense is the current bout of vigilantism is driving rates lower as investors worry about deflationary forces and they have successfully forced the Central Banks to the sidelines. Stockholders seem to be taking the “glass half full” approach, assuming everything will be OK. We believe the outlook is not as grim as bond investors worry it is either. Our base case is still that this growth scare works out just like the one we experienced three years ago, with fears easing and stocks marching upward. Fears of an economic collapse probably are overblown. As investors get comfortable with the outlook for a recovery, markets should rally and bond fears should dissipate like they did in 2017. To get there though, we need two deals to get completed, a US/China trade deal and Brexit resolution. Until then volatility could remain high, and markets may consolidate for a while after the vertical leap that was the first quarter.



Source: Todd Asset Management, Bloomberg



The customary analysis we use to identify which factors added or detracted value from portfolios over the past three months (left chart) and trailing year (right chart) are presented above. A couple of observations are in order. First, more factors detracted value over both time frames than added value. Investors have been edgy, as the market has declined over the past 14 months while economic growth underperformed and concerns about Central banks moving to neutral from ultra-easy positioning cropped up. Strength early in 2018 was followed by a 23% drawdown from the peak through Christmas last year. A strong rebound followed as Central banks deferred any further tightening and progress on trade talks got baked into expectations.

Stock selection drove all of our outperformance during the quarter. Communications and Consumer Discretionary were our best performing sectors. Our worst performing sectors were Health Care, Real Estate and stock selection within Technology. From a regional perspective our outperformance for the quarter was also driven by stock selection, particularly within Emerging Markets and Japan.

We remain overweight Energy, Communications, Technology, Financials and Industrials. We also remain underweight Consumer Staples, Utilities, Real Estate, Materials and Health Care. Among regions, we are overweight the UK, Emerging Markets and Europe ex-UK. We are underweight Pacific ex-Japan, Japan and Canada.

Our top five contributors to performance during the quarter were New Oriental Education, Lukoil, Softbank, Rio Tinto and Aptiv. New Oriental Education posted results ahead of lowered expectations as slower economic growth and government regulation were expected to be more of a headwind. Forward guidance called for continued enrollment and capacity growth of +20%. Lukoil shares rose as Brent Oil recovered to \$70 from \$50 and the Ruble rose as well. Free cash flow generation remains strong on contained operating expenditures and higher oil prices, supporting dividend payments and share repurchases. Softbank saw mobile service revenue accelerate and improved Sprint results. Management announced a \$5B buyback (5% shares) that boosted shares as well. Rio Tinto benefited from rising iron ore prices due to supply disruptions at Vale. Better Chinese manufacturing PMI is also supporting pricing. Aptiv saw revenue growth return after 4 down quarters and margins are expected to trough in the first quarter.

Our worst five detractors from performance during the quarter were Amdocs, Nokia, NXPI Semiconductor, UBS and Itau. Amdocs shares sold off on a short seller report highlighting slower cash conversion and its potential impact on management's free cash flow targets. Nokia management issued FY2019 guidance that disappointed as earnings were expected to be back-half loaded. Concerns over the auto industry and global growth weighed on shares of NXP Semiconductor in March. UBS experienced outflows in their Wealth Management division and weak results in Investment Banking caused the company to miss estimates. Itau posted weak results as well due to slower loan growth and trading revenues that were down -20% yoy.



We just wrapped up the best quarter for the ACWI ex-US index since 2012, a liftoff period after the European Financial Crisis. Much of this is a result of a rebound from the fourth quarter, which was the worst since 2015. We do not believe a recession is likely anytime in the next couple of years. The market was very concerned that one was occurring during the fourth quarter as synchronized slowdowns in growth between China, Europe and the US concerned investors. The major concerns investors had about the outlook, namely the US/Chinese trade dispute, Brexit Concerns and aggressive tightening from the US Fed are all in the process of being resolved. We believe a second half economic acceleration is likely as stimulative measures from China should bolster worldwide economies. We would not be surprised to see markets bide some time and consolidate though until we get some formal agreement on the US/Chinese trade dispute or an economic reacceleration. We are still in a secular bull market that we think will last for many years to come.

Please feel free to contact any of us for additional information

Curt Scott, CFA  
Jack White, CFA,  
Jack Holden, CFA  
Shaun Siers, CFA

04/18/19

MSCI ACWI ex-US (Net) - 235

***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.***

This publication has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy, or investment product. Commentary may contain subjective judgements and assumptions subject to change without notice. There can be no assurance that developments will transpire as forecast. Information contained herein has been obtained from sources believed to be reliable but not guaranteed. No part of this publication may be reproduced in any form, or referred to in any other publication, without express written permission of Todd Asset Management LLC. © 2019.



## 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. 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 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 or the MSCI EAFE Index 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 independently verified for the periods January 1, 2008 through December 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 International Intrinsic Value Composite has been examined for the periods January 1, 2011 through December 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](http://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 12/31/2017, the benchmark was changed to the MSCI ACWI ex-U.S. (net) index, from the MSCI ACWI ex-U.S. (gross) index. The ACWI (net) is computed net of foreign taxes withheld on dividends, this is consistent with the composite.** As of 6/30/2013, the primary benchmark was changed to the MSCI ACWI ex-US (gross) from the MSCI EAFE. The ACWI better reflects the strategy guidelines with emerging market and Canadian exposure. As of the 6/30/2013 the EAFE was removed from presentations.

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. (net) 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. The Net Index takes into account the impact of foreign tax withholdings on dividend income.



The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or crediting any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com)).