Todd Q2 2023 International Intrinsic Value Opportunity Review

	2Q 2023	YTD	1 Year	3 Year*	5 Year*	7 Year*	Since Inception* (07/01/14)
International IV Opportunity (Gross)	4.06%	4.86%	13.66%	9.46%	3.44%	5.11%	2.02%
International IV Opportunity (Net)	3.84%	4.41%	12.72%	8.55%	2.57%	4.23%	1.17%
MSCI ACWI ex-US (Net)	2.44%	9.47%	12.71%	7.22%	3.52%	6.32%	3.01%
MSCI ACWI ex-US Value (Net)	2.96%	8.27%	12.19%	10.42%	2.65%	5.70%	1.64%

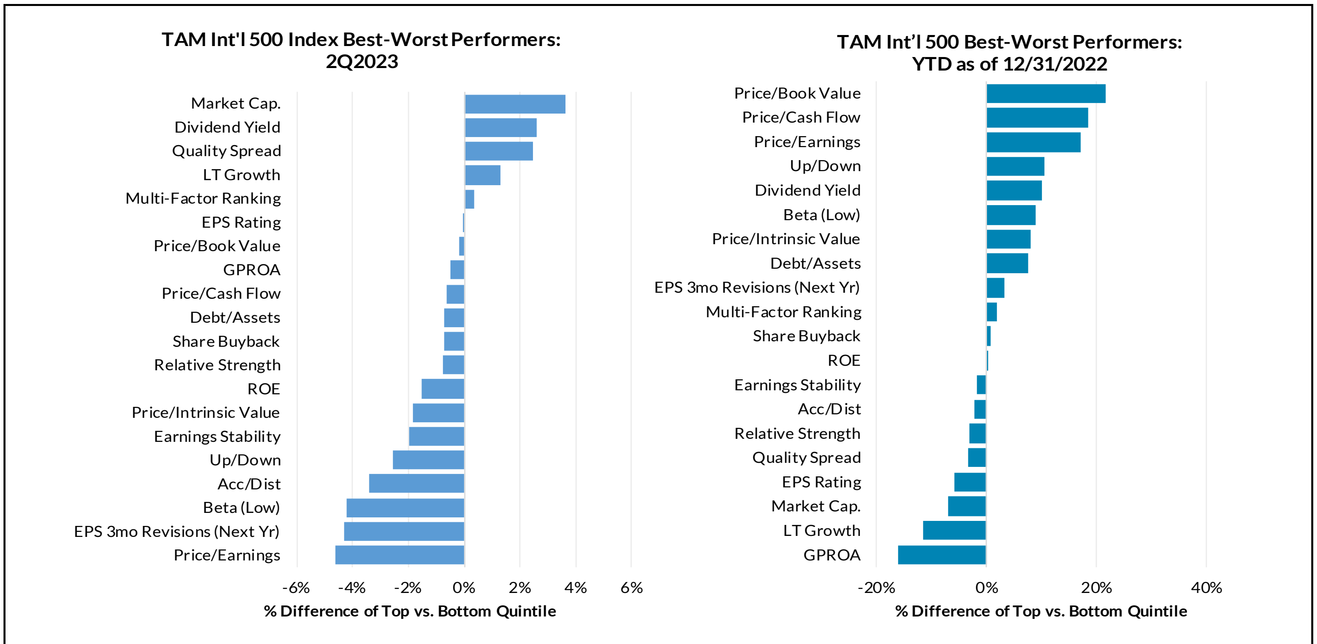
* *Annualized Total Returns. Please refer to the attached Performance Disclosure for further information*.

Performance Review

We entered this year with a near unanimous call from consensus for a recession in 2023. Banking sector turmoil in March gave this forecast more credence and the recession trade got pulled forward. You didn't see it much at the index level, but our factor work showed a big shift in market internals as Value metrics materially underperformed in March, April and May. Given that the opportunity strategy is deeper value, performance lagged during this phase. Our relative performance bottomed in early May and finished ahead of the index for the quarter while still lagging year-to-date.

Overwhelming consensus is rarely rewarded in this business and that is proving true again this year. While we pulled forward recessionary forecasts in the first half of 2023, analysts are now pushing out that forecast into 2024 and beyond. The market, in its infinite wisdom, seems to be confirming lower immediate recession risks as well. Interest rates have increased and are approaching highs for the year in most developed markets. The Dollar just traded to 52-week lows following a better US CPI print. We can also see a number of foreign country indices at or near all time highs (e.g. Japan's Nikkei, German DAX, French CAC 40, etc.). This is likely reflective of both higher policy rates and better near term growth prospects. Economic data continues to send conflicting signals. The manufacturing sector globally is weak with most PMI readings in contractionary territory while services sectors are largely ok. Economic activity really hasn't been synchronous since the pandemic and that may simply be what we're seeing. Goods and manufacturing ran hot into last year as supply chain issues remained prevalent. Now that those pressures are abating, we are seeing more destocking and inventory adjustments which have led to the current soft patch. Services industries took longer to get up to speed through the pandemic. The other dynamic that challenged the recession call was an underappreciation for the amount of stimulus and liquidity that remains in the system from growth boosting initiatives announced during the heart of the pandemic. Yes, policy tightening has been significant over the past year. However most economies are still sitting on excess savings and liquidity, likely offsetting the impact of higher rates more than economists expected. This isn't to say we've sidestepped a recession, however the markets seem to have over played the recession card this year. Earnings season again will be telling to see if we continue to reprice a lower immediate risk of recession as we move through the second half of the year.

Factor performance[1]



Source: Bloomberg, William O'Neill + Co. and Todd Asset Management

Our factor work showed a broadening out in the month of June from what had been a very narrow set of metrics that were working. Year-to-date through the end of May, only 2 factors (LT Growth and Quality Spread) had any meaningful amount of outperformance while most Value metrics lagged. This changed in June as imminent recession expectations were pushed out leading to more participation from Value and Yield. Historically, our factor work has a tendency to narrow when uncertainty gets elevated, recessions get priced in and fundamentals become a bit disconnected from reality. This is usually short lived and we were happy to see investor preference broaden out last month.

Regionally, the strategy's outperformance for the quarter was driven by stock selection in Emerging Markets, Pacific ex-Japan, Japan and Canada. The UK and Europe were the two regions that detracted from performance. From a sector perspective, Health Care, Technology and Materials were responsible for most of the outperformance. Pharmaceuticals, Semiconductors and several heavy metals miners were the industries that drove returns in these sectors. Financials and Industrials were the two largest detracting sectors as several developed market banks and a staffing company in Europe lagged in the quarter.

Our top 5 performers for this quarter were Tokyo Electron, Flex, YPF, Bayerische Motoren (aka BMW) and Chugai Pharmaceutical. Electric Vehicle (EV) demand and increased expectations for the adoption of artificial intelligence in a variety of industries lifted sentiment for semiconductor names like Tokyo Electron. Flex Ltd. rallied in the 2nd quarter as they saw robust growth across auto, industrial, and health solutions. This led management to raise FY24 earnings guidance and raise FY expectations for operating margins above 5% for the first time. YPF outperformed during the quarter as Argentinian stocks soared in anticipation of a changing political regime and that the new government will be more market friendly and stabilize the economy. BMW rallied as management expressed optimism about EV deliveries and potential margin expansion driven by EV segment. Chugai Pharmaceutical has benefitted from capital flows into the Japanese equity markets during the quarter along with better-than-expected sales of cancer treatment Alecensa and export sales of Hemlibra.

Our bottom 5 performers for this quarter were Capri Holdings, Vale, Randstad, TotalEnergies and ArcelorMittall. Capri struggled during the quarter as the Chinese consumer demand recovery optimism waned after some weak consumer related economic data points were released and management lowered guidance for the upcoming quarter. Iron ore sales at Vale missed expectations during the quarter due to inventory restocking and weaker prices which led earnings estimates to come down for 2023. Randstad saw shares fall during the quarter as temporary staffing volumes continued to decline throughout North America and Europe. This caused top-line growth to stall and management turned cautious on the outlook. TotalEnergies traded weaker on the back of lower crude prices during the quarter. This was exacerbated by lower-than-expected production volumes. ArcelorMittall traded lower during the quarter on weaker than expected results as the company witnessed price erosion and lower year-over-year shipments due to maintenance at two of the company's furnaces in Europe.

We are always available via email or phone and welcome your calls. If you have any questions, please feel free to contact any of us for further information.

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

07/18/2023
MSCI ACWI ex-US (Net) – 282
MSCI ACWI ex-US Value (Net) – 280

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.

1. TAM Int'l 500 Index is a list of the 500 largest US listed international companies by market cap. This list is used for factor analysis where the index is ranked/sorted by a certain factor then divided into quintiles. Returns are then calculated on a monthly basis for each quintile.

TODD ASSET MANAGEMENT LLC
INTERNATIONAL INTRINSIC VALUE OPPORTUNITY COMPOSITE DISCLOSURE

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Specific stocks discussed are included to help demonstrate the investment process or, as a review of the Composite's 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. The compilation of information contained herein may reflect the views and opinions of TAM financial professionals at the time of creation which may change at any time without prior notification. There is no guarantee that any forward-looking opinions will occur.

Todd Asset Management LLC ("TAM") is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The performance presented represents a composite of fully discretionary accounts invested primarily in large cap internationally domiciled, US traded equity securities using a rules-based process based on intrinsic value, financial strength, profitability strength, and market acceptance. The objective is to seek 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, 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 Opportunity Composite contains fully discretionary accounts that use the MSCI ACWI ex-US 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 December 31, 2022. 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 Opportunity Composite has been examined for the periods July 1, 2014 through December 31, 2022. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To receive additional information regarding TAM, including a GIPS Composite Report for the strategy presented, contact Monica Slyter at 1-888-544-8633, or write Todd Asset Management LLC, 101 South Fifth Street, Suite 3100, Louisville, Kentucky 40202, or mslyter@toddasset.com.

The performance information is presented on a trade date basis, both gross and net of management fees, 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 0.80% 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. The volatility of the index and a client account will not be the same.

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 considers the impact of tax withholdings on dividend income.

MSCI ACWI Value (net) Index is a float-adjusted index of securities exhibiting overall value style characteristics across both developed and emerging markets. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

Risks - Investments involve varying degrees of risk, and there can be no assurance that this product is suitable for your investment portfolio. The International Opportunity product is designed for long-term investors who are willing to accept short-term price fluctuations. This product generally holds 30 securities and is rebalanced every 3 months, thus it is more concentrated and may generate more investment turnover than other products. It is not required to be diversified by sector, and should be considered a more sector concentrated, aggressive application of the price to intrinsic value investment philosophy. There are general and market risks involved in this product, along with the risks of ownership in a foreign security (ADR, or similar securities) including political instability, confiscation of property, reduced legal protection, market liquidity, and adverse changes in currency exchange rates. Investing in emerging market securities can magnify these risks due to their smaller economies. There are times the overall market may not favor value-style investing, and it is possible the intrinsic value of the underlying stocks may never be realized.

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