TODD
ASSET MANAGEMENT LLC

January 23, 2018
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Partner, Senior Portfolio Manager

This Is What a Secular Bull Looks Like

Todd Intrinsic Value Opportunity Review

	4Q 2017	1 Year	3 Year*	5 Year*	7 Year*	10 Year*
Intrinsic Value Opportunity (Gross)	7.8%	13.2%	1.9%	12.6%	11.7%	9.0%
(Net)	7.6%	12.3%	1.0%	11.7%	10.9%	8.2%
S&P 500	6.6%	21.8%	11.4%	15.8%	13.8%	8.5%
Russell 1000 Value	5.3%	13.7%	8.7%	14.0%	12.5%	7.1%

* *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.

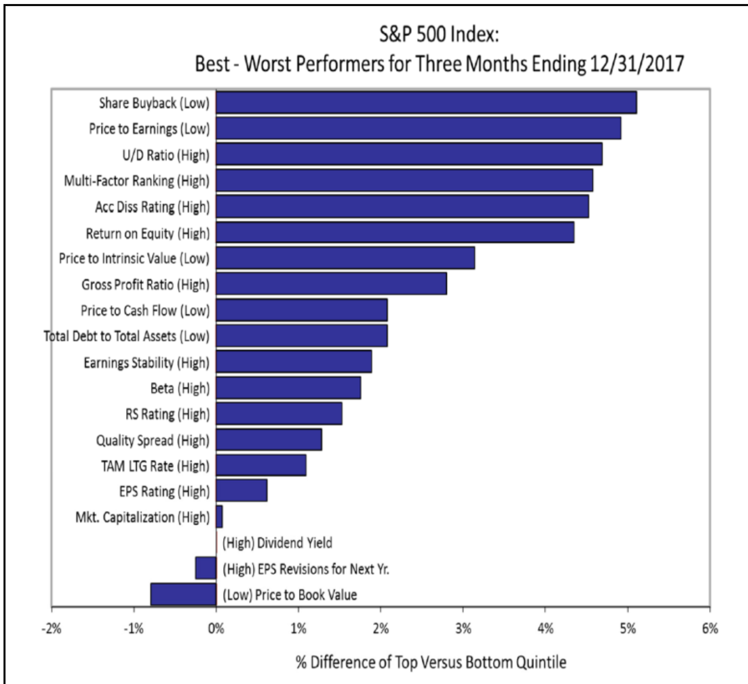
We recently published a think piece titled "The Case for the S&P 500 Doubling and a Global Bull Market." As we watch this unloved US market advance expand into a Global Bull Market, we realize this is what a secular bull market looks like. This secular (i.e. long term) bull market, which was confirmed 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.

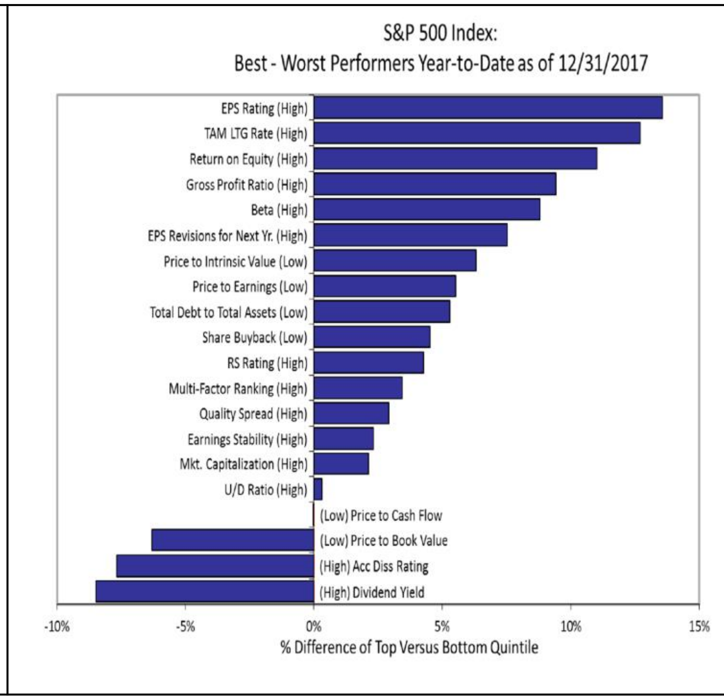
In 2013, we wrote "The case for S&P 2500." At that point, the S&P 500 was trading at about 1800 and had recently broken out of a fourteen year sideways pattern. Historically, when the index had done that, it generally heralded a 10 year plus run that provided annual returns of 11% to 12% on price and 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 review of 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 S&P 500 stocks compared to the worst 100 for each measure. A few observation may be helpful:

- The number of factors being rewarded has risen, indicating most fundamental factors worked in the past year. This represents a much more "normal" market than the QE inspired episode we recently exited.
- Price to book was the consistent laggard among our factors, while the leaders favored a broad mix of technical, fundamental and some valuation measures.





Source: Bloomberg, TAM

Year to date performance has been good for equities and growth factors have generally been in favor. That may be changing, as the leaders during the quarter were Technology, Material and Financial stocks. The markets may be rotating to favor some of the more value oriented sectors as Materials and Financials are clearly value socks. The laggards were a mix of Utilities, Telecommunications, Industrials and Health Care.

As confidence in the globally synchronized recovery grows and more central banks get back to a normal rate structure, we expect that fundamental should continue to remain in favor and allow active managers to outperform the index. This is something that indicates participants feel better about the outlook. That is also supportive of our secular bull market thesis.

Performance Review

The IV Opportunity strategy increased +7.8% (gross) during the quarter, outperforming both the S&P 500 (+6.6%) and Russell 1000 Value (+5.3%). For the full year, the IV Opportunity was up +13.2% (gross) vs. the S&P 500 at +21.8% and Russell 1000 Value at +13.7%. While the discipline has good long term performance versus the indexes, more recent performance has been disappointing. Historically, after periods of underperformance like we have recently witnessed the past two years, this strategy has experienced a significant recovery. The recent quarter's outperformance could indicate the start of something similar. This could be a good opportunity to add to the strategy, as it is based on factors that have stood the test of time.

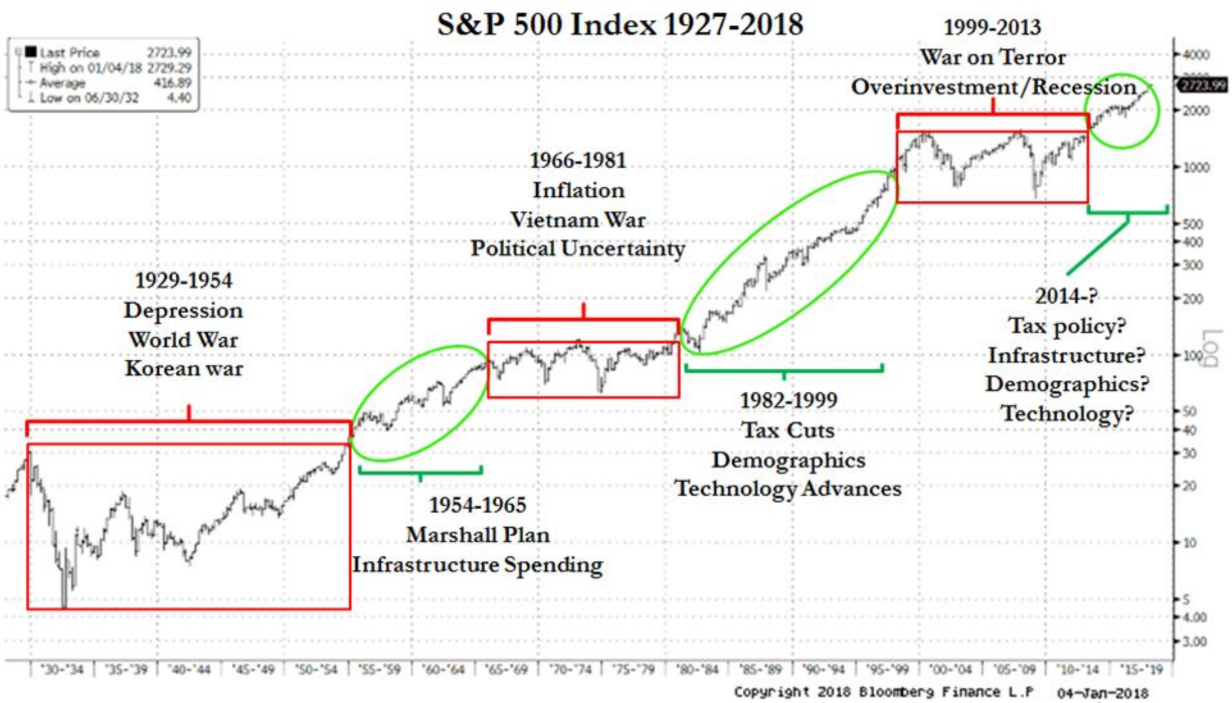
The Opportunity Strategy is an unconstrained discipline within the S&P 500 that invests in stocks possessing attractive value characteristics, and then pairing those with strong comparative measures of profitability, balance sheet strength or market acceptance. We employ a stop loss methodology to limit risk from any individual stock. Our sector exposure was weighted heavily in Consumer Discretionary, Financials and Industrials. We had no exposure to Utilities, Telecommunications, Real Estate, Materials or Energy during the quarter. Themes focused on during the quarter included Retailers, Home oriented companies, Leisure Activity, Banks, Insurers and Technology Hardware companies.

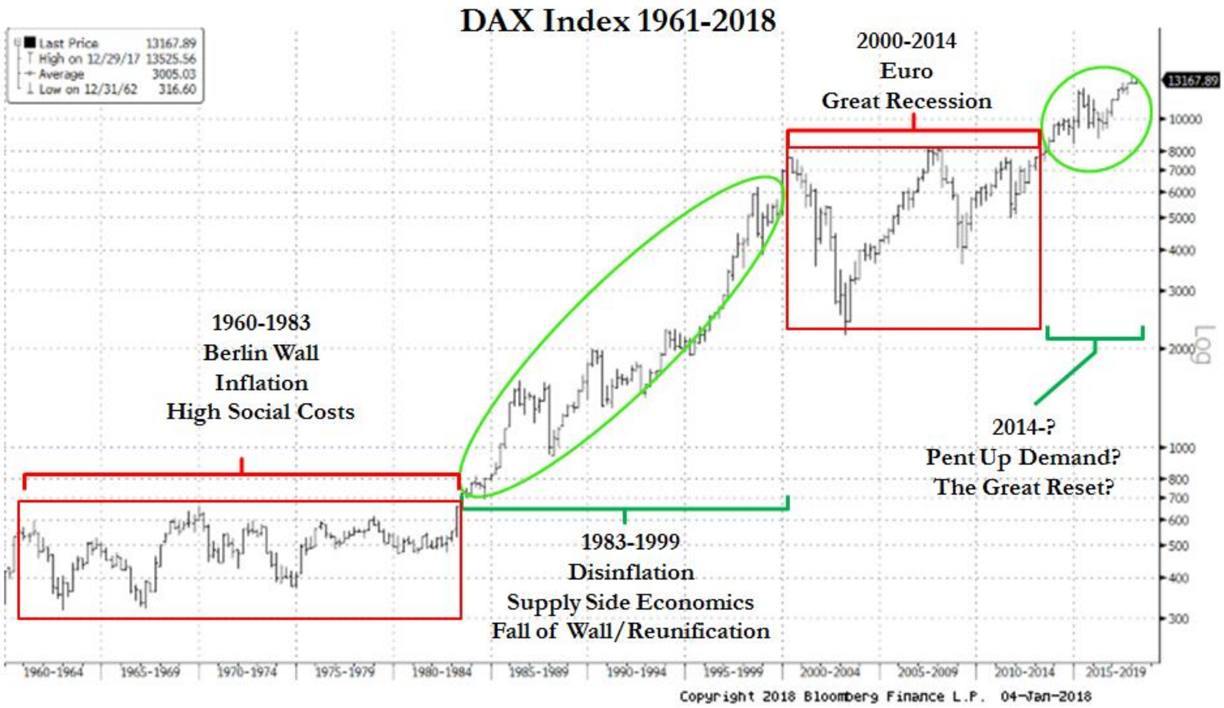
Our top five contributors to performance during the quarter were WW Grainger, Ross Stores, PulteGroup, Best Buy and Tractor Supply. Grainger benefitted from an anticipated recovery in their maintenance and repair business. Ross Stores reported strong comparable store sales and guided expectations up during the quarter. Pulte reported strong results and guidance as home selling prices remained firm and demand increased. Best Buy continued to execute well on a strategic turnaround that has seen better sales and profitability emerge over the past year. Tractor Supply saw better guidance as effects of the recent hurricanes boosted demand for their products.

Our worst five detractors from performance during the quarter were Signet Jewelers, Allergan, Western Digital, AIG and Ulta Beauty. Signet missed their results and guided estimates lower. Allergan encountered some patent vulnerabilities with their Restasis product. Western digital gave conservative forward guidance and the stock was punished for it. AIG was punished with other insurers as a tough hurricane season was factored into results. Ulta trimmed their forecasts, prompting a decline in the stock.

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
1983-1999
Disinflation
Supply Side Economics
Fall of Wall/Reunification
2014-?
Pent Up Demand?
The Great Reset?
13167.89
Log
1960-1964
1965-1969
1970-1974
1975-1979
1980-1984
1985-1989
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2015-2019
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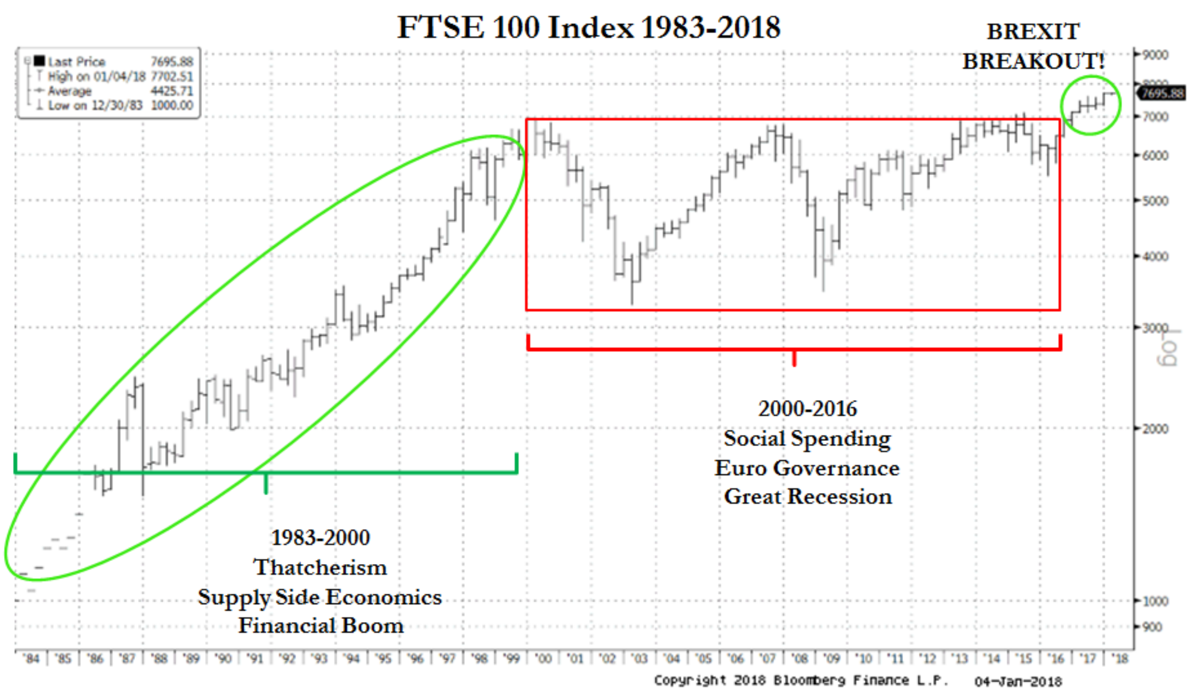
FTSE 100 Index 1983-2018
BREXIT
BREAKOUT!
Last Price 7695.88
High on 01/04/18 7702.51
Average 4425.71
Low on 12/30/83 1000.00
7695.88
Log
2000-2016
Social Spending
Euro Governance
Great Recession
1983-2000
Thatcherism
Supply Side Economics
Financial Boom
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Growth estimates are being increased for the US and International 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 the US or 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, and as numbers continue to firm, the market is likely to rise. Despite the new highs in the market, 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.

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

Todd Asset Management LLC

1-23-2018
S&P 500 – 2,839
Russell 1000 Value – 1,280

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.

TODD ASSET MANAGEMENT LLC
INTRINSIC VALUE OPPORTUNITY 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 equity securities within the S&P 500 Index with the objective to seek capital appreciation. This goal is pursued by investing in a portfolio of securities that are in the least expensive third of the S&P 500 Index using a rules based process based on financial strength, profitability strength and market acceptance.

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 Intrinsic Value Opportunity Composite contains fully discretionary, taxable and tax-exempt accounts that use either the S&P 500 Index or the Russell 1000 Value 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 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 Intrinsic Value Opportunity 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 transactions costs, and includes the reinvestment of all income. Net of fee performance was calculated using the applicable annual management fee schedule of .80% applied monthly. From October 2009 to March 2014 the management fee schedule applied to the composite was 0.70%. Prior to October 2009, 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.

The composite performance has been compared to the following benchmarks. The indexes are unmanaged, and not available for direct investment; they include reinvestment of dividends; they do not reflect management fees or transaction costs:
S&P 500 Index is a widely recognized index of market activity based on the aggregate performance of a selected portfolio of publicly traded common stocks. The performance data was supplied by Standard & Poor's. It is included to indicate the effect of general market conditions.
Russell 1000 Value Index is a widely recognized index of market activity based on the aggregate performance of common stocks from the Russell 1000 Index, with lower price-to-book ratios and lower forecasted growth values. The performance data was supplied by Frank Russell Trust Company.