

IVA International I | IVIQX

The departure of one manager is a loss, but strengths remain.

Morningstar's Take | IVIQX

Morningstar Rating ★★

Morningstar Analyst Rating Bronze

Morningstar Pillars

Process		Above Average
Performance	—	—
People		Above Average
Parent		Above Average
Price	—	—

Role In Portfolio

Supporting Player

Fund Performance

Year	Total Return (%)	+/- Category
YTD	-11.77	-7.96
2019	14.61	-6.98
2018	-12.93	1.66
2017	17.25	-7.87
2016	2.82	2.03

Data through 8-31-20

8-11-20 | by Gregg Wolper

The departure of IVA International's comanager, who was also co-CIO and a cofounder of advisor IVA, is a loss for the fund. But the senior manager remains in place, as do the analysts and approach. Under Morningstar's enhanced ratings system, the fund receives Morningstar Analyst Ratings of Bronze for the Institutional and A shares and Neutral for the C shares.

On July 13, IVA announced that Chuck de Lardemelle, comanager of the fund with Charles de Vault since its 2008 inception, had left the firm. The press release did not provide details, but it is possible a divergence of investment opinion between de Lardemelle and de Vault led to the split. The strategy has had an immense cash stake for a long time, as these devoted value managers could not find enough bargain-priced, appealing stocks or bonds to buy. However, after de Lardemelle was named sole manager of IVA Global--the Europe-domiciled version of IVA

Worldwide IVWIX--in September 2019, he quickly began investing some of that fund's cash in stocks that IVA Worldwide did not own. Slightly disparate views also emerged at other times.

Regardless of the reason, De Lardemelle's absence will be felt. He is the only comanager de Vault has had on this strategy, and at about 10 years younger than de Vault, was the only logical successor should one be needed (none of the analysts has managerial experience on a public fund). De Vault, who is in his late 50s, says he intends to stay in place a long time but concedes that a new successor will have to be identified and developed.

That said, de Vault was always the driving force here. All of the analysts remain, and several of them have been with him on this strategy since its inception and even before, when all worked at First Eagle. For that reason, de Lardemelle's departure should not have major effects on strategy or implementation. The fund's value approach has been out of favor for some time, and its huge cash stake--which was 30% in mid-July--remains a concern, but the fund's less costly share classes remain a suitable option for risk-averse investors.

Process Pillar Above Average | Gregg Wolper 08/11/2020

This fund seeks returns that will exceed the all-stock MSCI All Country World ex U.S. Index over the long haul, but the team's value bent and focus on capital preservation are key here. Although the manager would prefer to be more fully invested, in practice the fund regularly holds a hefty cash stake, from around 10% to more than 30% of assets, when he and his team haven't found investments that meet their stringent value-based criteria. The fund typically owns some gold bullion, which Charles De Vault says can act as a hedge in a variety of climates. Fixed-income securities appear in varying amounts. The approach is

admirable for its thoughtfulness and consistency, though the near-permanent high cash stake is a concern. The strategy earns a Process rating of Above Average.

Equities compose by far the largest portion of the portfolio, though. The team looks for companies selling for what it considers a large discount to its assessment of their intrinsic value. In determining intrinsic value, it comes up with a base-case number, but it also computes a worst-case scenario. While looking for deep discounts when buying, it is willing to keep owning good companies after they reach intrinsic value. Sector and regional weightings can vary markedly from those of its benchmark and peer portfolios. The fund often hedges varying amounts of its currency exposure into the U.S. dollar but is never fully hedged.

What has often been the most attention-getting aspect of this fund's portfolio is its managers' hesitation to invest a good deal of their assets. For years, its cash stake has been much higher than those of peers. For example, it stood at 36.5% of assets at the end of April 2016, and even after Charles de Vault and recently departed comanager Chuck de Lardemelle did significant buying, it still had 22.8% in cash on March 31, 2018. By year-end 2018, though, the managers had pared the cash stake to 10% of assets. De Vault said the sharp decline in global markets in late 2018 put some firms within reach that he had been wanting to buy or add to. Top positions that received additional cash included Samsung and BMW. But the trend reversed when the market rallied in 2019, and even with the severe downturn in 2020's first quarter, the cash stake remained high. As of mid-July 2020, De Vault said the fund had 30% of assets in cash, as some buying done during the bear-market period was offset by selling rising stocks during the subsequent rally. The rest of the portfolio was divided between equities (66.4% of assets), gold-

related assets, and a small amount of fixed-income.

The fund does not put large percentages of assets into individual stocks, though it commits more than 3% to some. In the latest portfolio from June 30, 2020, the top holding, Astellas Pharmaceutical, had 3.6% of assets, while number-two BMW had 3.3%.

Performance Pillar | Gregg Wolper 08/11/2020

Evaluating this fund's performance requires several different lenses, owing to its tendency to straddle the border of mid-cap and large cap as well as value and blend. But with that in mind, it has done a solid job as a cautious, value-leaning option.

This portfolio has typically landed around the mid-cap/large-cap border of the Morningstar Style Box but has more often been in large-cap territory. For that reason, it was moved to the foreign large-blend Morningstar Category in 2019 from foreign small/mid-blend. But it has a lower overall market cap than most in its new category, which can affect performance—just as its tilt toward the value side of the blend area, sometimes even over the border into value territory as it is now, limits it during growth rallies.

Over the trailing 10-year period through June 2020, the I shares' return lagged the foreign large-blend average, 4.4% (annualized) to 5.3%, but beat the foreign large-value norm of 3.8%. (It came up just a bit short of the foreign small/mid-value return.) Similarly, while its 10-year return lagged its MSCI ACWI ex U.S. benchmark's 5.0% return, it soundly beat the 2.8% gain of the MSCI ACWI ex-US Value Index. It typically lags during strong rallies, as it did in 2017 and 2019. But the fund has extraordinarily low downside-capture ratios and held its loss far below those of all the above-named indexes and categories during the brutal bear market of early 2020.

People Pillar  Above Average | Gregg

Wolper 08/11/2020

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Vaulx since its 2008 inception, had left IVA. It is possible a divergence of investment opinion between de Lardemelle and de Vaulx led to the split. The strategy has had an immense cash stake for a long time, as these devoted value managers could not find enough bargain-priced, appealing stocks or bonds to buy. However, after de Lardemelle was named sole manager of IVA Global—the Europe-domiciled version of this fund's sibling IVA Worldwide IVWIX—in September 2019, he quickly began investing some of that fund's cash in stocks that IVA Worldwide did not own. Slightly disparate views also emerged at other times.

De Lardemelle is the only comanager de Vaulx has had on this strategy and was the only logical successor should one be needed (none of the analysts has managerial experience on a public fund). De Vaulx, who is in his late 50s, says he intends to stay in place a long time but concedes that a new successor will have to be identified and developed.

That said, de Vaulx was always the driving force here, and all of the analysts remain, some of whom have been with him for more than a decade. The group is not as large as it could be given the breadth of securities and asset classes in the fund's universe, but its experience and dedication to its cautious value-based approach earn an Above Average rating for People.

Parent Pillar  Above Average | Gregg

Wolper 08/09/2019

International Value Advisers has many appealing traits, resulting in a Positive Parent rating. The firm was founded in 2007 by a group of managers, analysts, and others who migrated from First Eagle. They launched just two strategies, both of which use the patient, value-oriented approach in which the team had specialized. IVA closed both of its mutual funds to new investors in early 2011 and did not reopen them until September 2018, even though that meant the firm had no funds open to new investors for that entire period. (A smaller version of its global strategy offered to European investors reopened in 2017.) That restraint demonstrates IVA's priority is investment success

for fund shareholders rather than amassing a huge asset base.

Also helpful is the "owner's manual" that explains the firm's philosophy, increasing the likelihood that appropriate investors, comfortable with its unusual approach, will own the funds. The firm has good retention; the original two portfolio managers remain, as does the firm's original president, and analyst departures are uncommon.

The expense ratios of the IVA funds had been one less-appealing aspect. But in June 2019 the firm cut its management fee and installed breakpoints. That leaves succession as the only sticking point. Although there are several very experienced analysts, it would be big loss if just one of the portfolio managers needed to be replaced for any reason.

Price Pillar | Gregg Wolper 08/11/2020

It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's middle quintile. That's not great, but based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will still be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Bronze.

*Important Information Concerning the Attached August 11, 2020 Morningstar Reprint
This disclosure must accompany the August 11, 2020 Morningstar article reprint.*

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Total Returns as of 9/30/20	1 Year	3 Year*	5 Year*	10 Year*	Since Inception* (10/1/08)
IVA International Fund A (no load)	-6.82%	-4.16%	0.89%	3.42%	5.39%
IVA International Fund A (with load)	-11.50%	-5.79%	-0.14%	2.89%	4.94%
IVA International Fund I	-6.62%	-3.91%	1.14%	3.68%	5.65%
MSCI All Country World Index (ex-U.S.)	3.00%	1.16%	6.23%	4.00%	4.45%
MSCI All Country World Value Index (ex-U.S.)	-10.83%	-5.09%	2.14%	1.50%	2.35%

*Annualized

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Returns are shown net of fees and expenses and assume reinvestment of dividends and other income. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, please call 1-866-941-4482. As of the most recent prospectus, maximum sales charge for the A shares is 5.00%. The expense ratios for the fund are as follows: IVA International Fund: 1.17% (A shares); 0.92% (I share). Amounts redeemed within 30 days of purchase are subject to a 2.00% fee. The fund recently experienced significant negative short-term performance due to market volatility associated with the COVID-19 pandemic.

MSCI All Country World Index (ex-U.S.) is an unmanaged index consisting of 51 country indices comprised of 23 developed and 28 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax.

MSCI All Country World Value Index (ex-U.S.) is an unmanaged index that captures securities exhibiting overall value style characteristics. It consists of 51 country indices comprised of 23 developed and 28 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is a trademark of MSCI Inc. and is not available for direct investment.

Investment Objective

The IVA International Fund will seek long-term growth of capital by investing in a range of securities and asset classes from markets around the world.

The Overall Rating for the IVIQX as of 9/30/2020 is 3-star.

As of April 2019, the IVA International Fund Morningstar Category changed from Foreign Small/ Mid Blend to Foreign Large Blend.

Downside-Capture Ratio: calculated by taking the fund's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return.

As of September 30, 2020, the IVA International Fund's top 10 holdings were: Newmont Corporation (4.0%); Bayerische Motoren Werke AG (3.8%); Astellas Pharma, Inc. (3.8%); H.U. Group Holdings, Inc. (3.0%); Bureau Veritas SA (2.6%); Compagnie Financiere Richemont SA (2.5%); Rohto Pharmaceutical Co., Ltd. (2.3%); Sodexo SA (2.2%); Gold Fields Orogen Holdings (bvi) Ltd. (1.8%); Bolloré SA (1.7%).

As of September 30, 2020, total firm assets under management totaled \$4.6 billion.

Effective July 13, 2020, Chuck de Lardemelle is no longer portfolio manager of the IVA Funds. Charles de Vaulx is the sole portfolio manager of the funds and is the Chief Investment Officer of IVA, the funds' adviser.

Economic and Market Events Risk: The impact of the outbreak of a novel coronavirus may be short term or may last for an extended period of time, result in a substantial economic downturn and could negatively affect the worldwide economy. Any such impact could adversely affect the Fund and may lead to losses on your investment in the Fund.

There are risks associated with investing in funds that invest in securities of foreign countries, such as erratic market conditions, economic and political instability and fluctuations in currency exchange rates. Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.

An investor should read and consider the fund's investment objectives, risks, charges and expenses carefully before investing. This and other important information are detailed in our prospectus and summary prospectus, which can be obtained by calling 1-866-941-4482 or visiting www.ivafunds.com. Please read the prospectus and summary prospectus carefully before you invest. The IVA Funds are offered by Foreside Fund Services, LLC.

Past performance is no guarantee of future results. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded

funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Morningstar Rating is for the share class specified only; ratings for other share classes will vary. IVA International Fund Class I (NAV) Morningstar ratings as of 9/30/20 – Foreign Large Blend; I Shares: Overall: 3 stars/647 funds, Three-year rating: 1 star/647 funds. Five-year rating: 1 stars/548 funds. Ten-year rating: 4 stars/363 funds. Different share classes may have different ratings.

The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by the mutual fund analysts of Morningstar, Inc. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent and price. Morningstar's analysts use this five pillar evaluation to identify funds they believe are more likely to outperform over the long term on a risk-adjusted basis. Analysts consider numeric and qualitative factors, but the ultimate view on the individual pillars and how they come together is driven by the analyst's overall assessment and overseen by an Analyst Ratings Committee. The approach serves not as a formula but as a robust analytical framework ensuring consistency across Morningstar's global coverage. A fund may receive a Gold rating and still have negative, flat or poor performance.

The Analyst Rating scale ranges from Gold to Negative, with Gold being the highest rating and Negative being the lowest rating. A fund with a "Gold" rating distinguishes itself across the five pillars and has garnered the analysts' highest level of conviction. A fund with a "Silver" rating has notable advantages across several, but perhaps not all, of the five pillars-strengths that give the analysts a high level of conviction. A "Bronze" rated fund has advantages that outweigh the disadvantages across the five pillars, with sufficient level of analyst conviction to warrant a positive rating. A fund with a "Neutral" rating isn't seriously flawed across the five pillars, nor does it distinguish itself very positively. A "Negative" rated fund is flawed in at least one, if not more pillars and is considered an inferior offering to its peers. Analyst Ratings are reevaluated every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf>.

The Morningstar Analyst Rating should not be used as the sole basis in evaluating a mutual fund. Morningstar Analyst Ratings are based on Morningstar's current expectations about future events; therefore, in no way does Morningstar represent ratings as a guarantee nor should they be viewed by an investor as such. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected.

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