

IVA Worldwide I | IVWIX

A manager and founding partner has departed, but a strong foundation remains.

Morningstar's Take | IVWIX

Morningstar Rating ★★★

Morningstar Analyst Rating Silver

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	-7.78	-5.55
2019	12.68	-3.42
2018	-7.30	0.96
2017	13.84	-0.95
2016	6.48	0.44

Data through 8-31-20

8-04-20 | by Gregg Wolper

The departure of IVA Worldwide'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 all the analysts and the long-held strategy. The fund retains Morningstar Analyst Ratings of Silver for the Institutional shares, Bronze for the 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, this fund's Europe-domiciled version, 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 for his departure, 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 38% as of June 30—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 08/03/2020

Although this fund seeks returns that will exceed the all-stock MSCI ACWI over the long haul, the manager's value bent and focus on capital preservation are key here. Equities dominate, but it regularly holds a hefty cash stake (often more than 30% of assets) when manager Charles de Vault can't find investments that meet his stringent value criteria. He also owns some gold bullion and gold miners, which he says 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 inability to reduce cash meaningfully even during

deep downturns is a concern. The strategy earns a Process rating of Above Average.

The team looks for what it considers a large discount to its assessment of a company's intrinsic value. In determining intrinsic value, the team comes up with base-case and worst-case scenarios. The sector and regional weightings can vary markedly from those of the MSCI ACWI, relevant allocation benchmarks, and the portfolios of allocation and stock funds. Fixed-income investments—which can be corporate or sovereign—are bought for their capital-appreciation potential rather than income. The strategy's high-yield bond stake reached a peak of more than 30% of assets early in its history, but in recent years that stake has been just a few percentage points.

Although this fund's chosen benchmark is the all-stock MSCI ACWI Index, equities made up only 59.6% of assets at the end of June 2020. That's not that unusual—manager Charles de Vault and now-former comanager Chuck de Lardemelle have been so cautious that large cash stakes are the norm rather than the exception. Even after they did some equity buying during the steep downturn in 2020's first quarter, cash still stood at 38% of assets on June 30—down just a bit from a peak of more than 40% earlier. De Lardemelle said one reason cash stayed high is that bargains either weren't available in the stocks they favor or didn't stick around long enough for more buying before rebounding. No bonds were added, unlike the early days after the fund's late 2008 inception. This time, de Lardemelle said, the bonds that were available at the high yields he and de Vault required given the dismal economic outlook were from firms too shaky to be tempting. Meanwhile, its stake in gold-related assets has been small in 2020. One firm eliminated from the portfolio was Bank of America BAC; de Lardemelle cited the difficulty of any bank prospering with the yield curve so flat, and the fact that the economic recession will increase the amount of problem loans. Advertising firm WPP

was also sold, but the fund still owns rival Publicis, partly because the latter has less financial leverage.

Performance Pillar | Gregg Wolper 08/03/2020

Assessing this strategy's performance is complex. Manager Charles de Vault and now-former comanager Chuck de Lardemelle have owned bonds only sparingly--unlike most allocation funds--but the consistently large cash position and a permanent stake in gold-related assets lands IVA Worldwide in the world-allocation Morningstar Category rather than the world large-stock group. Therefore, comparison to the world-allocation group is appropriate. That said, IVA's own chosen benchmark is the all-equity MSCI ACWI, and thus the portfolio can also be judged as a cautious global stock fund. Yet the strategy is an imperfect fit in that realm as well, for its market capitalization is much lower than the average world large-stock fund or the ACWI, and it also has a greater tilt toward value stocks.

Over the trailing 10 years through June 30, 2020, IVA Worldwide's I shares are a little behind the world-allocation Morningstar Category average, while lagging the Morningstar Global Allocation Index by a wide margin. Its 4.9% annualized return lags far behind the 9.2% figure of the MSCI ACWI and is nearly as far behind the world large-stock average. It is also behind the MSCI ACWI Value's 6.1% annualized return, but it surpasses that index's Sortino ratio, a measure that gives credit for protecting in downturns. During the 2020 bear market, the fund held up better than the stock indexes, while matching the allocation category average.

People Pillar  Above Average | Gregg

Wolper 08/03/2020

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That said, de Vault was always the driving force here, and all of the analysts remain, some of whom have been with him 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 08/03/2020

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 second-cheapest quintile. 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 be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Silver.

*Important Information Concerning the Attached August 4, 2020 Morningstar Reprint
This disclosure must accompany the August 4, 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* 10/1/2008
IVA Worldwide Fund A (no load)	-4.86%	-1.42%	2.59%	4.01%	6.15%
IVA Worldwide Fund A (with load)	-9.63%	-3.10%	1.54%	3.48%	5.70%
IVA Worldwide Fund I	-4.58%	-1.16%	2.86%	4.28%	6.42%
MSCI All Country World Index	10.44%	7.12%	10.30%	8.55%	7.79%
MSCI All Country World Value Index	-8.03%	-1.22%	4.96%	5.24%	4.87%

*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 Worldwide Fund: 1.16% (A shares); 0.91% (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 is an unmanaged index consisting of 52 country indices comprised of 24 developed and 28 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Morningstar Global Allocation Index represents a multi-asset-class portfolio of 60% global equities and 40% global bonds. The Index is not available for direct investment.

MSCI All Country World Value Index is an unmanaged index that captures securities exhibiting overall value style characteristics. It consists of 52 country indices comprised of 24 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.

Basis point: unit of measure used to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

Investment Objective

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

As of September 30, 2020, the IVA Worldwide Fund's top 10 holdings were: Berkshire Hathaway, Inc. Class A; Class B (5.4%); Bayerische Motoren Werke AG (3.3%); Astellas Pharma, Inc. (3.2%); Newmont Corporation (2.9%); Compagnie Financiere Richemont SA (2.5%); H.U. Group Holdings, Inc. (2.4%); LKQ Corp. (2.3%); Bureau Veritas SA (2.1%); Western Union Company (2.0%); Sodexo SA (2.0%).

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

Effective July 13, 2020, Chuck de Lardemelle is no longer a 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 Worldwide Fund Class I (NAV) Morningstar ratings as of 9/30/20 – World Allocation Category; I Shares: Overall: 3 stars/394 funds, Three-year rating: 2 stars/394 funds. Five-year rating: 2 stars/ 338 funds. Ten-year rating: 3 stars/ 208 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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