IVA Funds Semi-Annual Update Call
March 21, 2019

Important Disclosures:

Mutual fund investing involves risks including possible loss of principal. 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 IVA Funds Distributors, LLC.

Total Returns as of 6/30/19	1 Year	5 Year*	10 Year*	Since Inception*
IVA Worldwide Fund A (no load)	1.65%	2.93%	6.98%	7.61%
IVA Worldwide Fund A (with load)	-3.43%	1.88%	6.43%	7.10%
IVA Worldwide Fund I	1.91%	3.19%	7.25%	7.87%
MSCI All Country World Index	5.74%	6.16%	10.15%	7.74%
IVA International Fund A (no load)	-2.14%	2.28%	6.74%	7.05%
IVA International Fund A (with load)	-7.01%	1.24%	6.19%	6.55%
IVA International Fund I	-1.88%	2.54%	7.01%	7.32%
MSCI All Country World Index (ex-U.S.)	1.29%	2.16%	6.54%	4.87%

**Annualized; Inception Date 10/01/08*

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.*

The expense ratios for the funds are as follows: IVA Worldwide Fund: 1.15% (A shares), 0.90% (I shares); IVA International Fund: 1.16% (A Shares), 0.91% (I shares). Maximum sales charge for the A shares is 5.00%. Amounts redeemed within 30 days of purchase are subject to a 2.00% fee.

As of June 30, 2019, the IVA Worldwide Fund's top 10 holdings were: Gold bullion (6.2%);

Berkshire Hathaway, Inc. Class A; Class B (4.1%); Compagnie Financiere Richemont SA (2.7%); Bank of America Corp. (2.6%); Bureau Veritas SA (2.6%); Bayerische Motoren Werke AG (2.5%); Samsung Electronics Co., Ltd. (2.4%); Astellas Pharma, Inc. (2.2%); AIB Group PLC (2.2%); Nestle SA (2.0%). As of June 30, 2019, the IVA International Fund's top 10 holdings were: Gold bullion (7.4%); Bureau Veritas SA (3.1%); Compagnie Financiere Richemont SA. (3.0%); Astellas Pharma Inc. (3.0%); Samsung Electronics Co., Ltd. (2.9%); Bayerische Motoren Werke AG (2.7%); AIB Group PLC (2.6%); Nestle SA (2.5%); Sodexo SA (2.4%); Haw Par Corporation Limited (2.3%).

MSCI All Country World Index is an unmanaged index consisting of 49 country indices comprised of 23 developed and 26 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. Unlike the composite the index has no expenses. The Index is a trademark of MSCI Inc. and is not available for direct investment.

MSCI All Country World Index (ex-U.S.) is an unmanaged index consisting of 48 country indices comprised of 22 developed and 26 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. Unlike the composite the index has no expenses. The Index is a trademark of MSCI Inc. and is not available for direct investment.

The views expressed herein reflect those of the portfolio managers through March 21, 2019 and do not necessarily represent the views of IVA or any other person in the IVA organization. Any such views are subject to change at any time based upon market or other conditions and IVA disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for an IVA fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any IVA fund. The securities mentioned are not necessarily holdings invested in by the portfolio manager(s) or IVA. References to specific company securities should not be construed as recommendations or investment advice.

EBIT: earnings before interest and taxes
Best-in-class: a determination of "best-in-class is solely the opinion of the Fund's Adviser, and such opinion is subject to change. Those companies that hold leading market share positions, strong growth potential, historically good profitability, and management teams known for integrity and good corporate governance are generally considered to be "best-in-class"

Tara Hannigan: Thank you. Good afternoon and welcome to the Semi-Annual IVA Funds update call. We thank you for joining us. I'm Tara Hannigan, the Director of Mutual Fund Distribution. The purpose of this call is to update you on the funds and share our current investment thinking. Our portfolio managers, Charles de Vaulx and Chuck de Lardemelle, will give prepared remarks,

explaining what they're seeing around the world today, and then we'll open the call up to questions.

To update you on IVA as a firm, as of February 28th, 2019 we had approximately $15.2 billion in total assets under management, with the two mutual funds comprising approximately $10 billion of that total.

As a reminder, as of September 11th, 2018 both of our funds have reopened to all investors.

A quick note on performance. As of December 31st, 2018 the IVA Worldwide Fund Class I returned -7.30% for the one-year period, while the MSCI All Country World Index returned -9.42% over the same period. For the five-year period on an annualized basis, the IVA Worldwide Fund Class I returned 2.60% versus the MSCI All Country World Index return of 4.26%. Since the fund's October 1st, 2008 inception, it has returned 7.41% on an annualized basis, while the MSCI All Country World Index returned 6.55% over the same period. As of December 31st, 2018 the IVA International Fund Class I returned -12.93% for the one-year period, while the MSCI All Country World ex-US Index returned -14.20% over the same period. For the five-year period on an annualized basis, IVA International Fund Class I returned 1.54% versus the MSCI All Country World ex-US Index of 0.68%. Since the fund's October 1st, 2008 inception, it has returned 6.71% on annualized basis, while the MSCI All Country World ex-US Index has returned 3.81% over the same period. Year to date through yesterday Wednesday, March 20th, the IVA Worldwide Fund Class I has returned 7.91% versus the MSCI All Country World Index return of 12.36%. The IVA International Fund Class I has returned 9.84% versus the MSCI All Country World ex-US Index return of 11.21%.

I'll now make some necessary, brief legal disclosures before we begin the call. 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 and investors should read and consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information are detailed in our prospectus and summary prospectus, which can be obtained by visiting our website at www.ivafunds.com.

And now, I will hand the call over to Charles and Chuck. Charles.

Charles de Vaulx: Thank you, Tara, especially for going over those performance numbers including year to date performance numbers. Our last conference call was September 20th, 2018, and it has been exhilarating to witness two distinct and dramatic periods since the fourth quarter of last year. We all know the reasons or prospects for it at that time: continued rise in interest rates due to quantitative tightening, decelerating global economic growth, especially in China and Europe, the trade war, etc.

During the fourth quarter, equity markets worldwide corrected significantly including the FAANGs and other growth stocks, for a change.

The Worldwide Fund was able to show some decent resiliency during this correction with its NAV of the I shares declining by -7.93%, while the MSCI All Country World Index was down -12.75%, i.e. the Worldwide Fund showed a 62% downside capture.

The International Fund was down -10.11% over the quarter, showing a disappointing 88% downside capture as the MSCI All Country World Index ex-US was down some -11.46%.

Then in a spectacular change in tone on January 4th, to be precise, the Fed Chairman, Jerome Powell, began to espouse the virtues of patience and flexibility, and basically capitulated to market, if not political, pressures. A huge turnaround in equity markets followed, and on a global scale, mind you. As other central banks around the world showed a similar inclination to delay quantitative tightening, and if need be continue their quantitative easing, policymakers in China were aggressively propping up the Chinese economy and Chinese equity markets with all sorts of tools.

Year to date, the MSCI All Country World Index is up 12.36%, and the Worldwide I shares are up 7.73%, showing an upside capture of 62.5%. Conversely, the MSCI All Country World Index ex-US is up 11.21%, and the IVA International Fund I shares are up 9.84%, showing almost an 88% upside capture.

Today I would like to discuss:

1. ***The extent to which we were able or not to invest some of the cash in both funds when markets were correcting during Q4, and describe some of the areas where we have been both buyers and sellers over the past six months.***
2. ***Explain why we remained cautiously positioned especially in the Worldwide Fund, and less so (a lot less so) in the International Fund.***

3. ***Explain why we own some gold in both funds.***
4. ***Explain why we hold some cash in both funds as well.***

And finally, I'll offer a few thoughts and hopefully answers to the following questions:

1. ***Should one still bother with the international stocks today, that is to say non-US stocks after their dismal performance?***
2. ***Why should one bother with a value investing strategy, and an active one, to boot, in today's environment?***
3. ***Why we believe that IVA strategy makes sense for many clients especially in today's environment.***

Then I'll ask Chuck to discuss a few other points. He may want to discuss two, three or four names that are currently in the portfolio.

1. The extent to which we were able or not to invest some of the cash in both funds when markets were correcting during Q4, and describe some of the areas where we have been both buyers and sellers over the past six months.

So were we able to deploy some cash as markets corrected? Yes, to some extent. If you look at the Worldwide Fund, total equities were 56.4% at the end of September last year and went up to 60.6% at yearend after a correction, and are at 61.9% currently. In the International Fund total equities were at 72.4% at the end of September, 79.6% at yearend and 77.5% currently.

We have been able to add names in various industries such as: Schlumberger, the energy company; Richemont, the luxury watch and jewelry marker; BMW, the German automobile manufacturer; Miraca Holdings, the healthcare company in Japan; Samsung Electronics, the semiconductor company based in South Korea; Grupo Mexico, copper and railroads in Mexico and Peru; Allied Irish Bank, AIB, the bank in Ireland; Bank of America and Goldman Sachs in the U.S. we were able to add around late December, early January.

Unfortunately, we were also willing to trim or eliminate certain names in October last year, names such as Aon or Marsh & McLennan, the two insurance brokers. More recently over the past few weeks, and actually past few days after the rebound, we've trimmed names in healthcare, retail, consumer staples, real estate and technology. For compliance reasons, we are unable to mention most of the specific names where we have been trimming or sold at this stage.

One partial surprise for us late December was to have noticed that many cyclical names that we did not own were down 30%, 40%, 50% from their highs, and yet when we updated our work we realized that they were still not offering much in the way of a discount to our estimated intrinsic values. These were names such as: LafargeHolcim, the global cement company; Adecco or Randstad in temporary staffing; Continental, Valeo, Plastic Omnium, the auto parts suppliers; and many other names. So it strikes us that this was a tale of how grossly overstretched, from a value standpoint, many stocks had become nine to twelve months ago.

2. Explain why we remained cautiously positioned especially in the Worldwide Fund, and less so (a lot less so) in the International Fund.

Why are we still cautiously positioned especially in the Worldwide Fund? On one hand, we fully understand that the recent capitulation by central bankers is bullish for stocks and parts of the credit markets, especially as inflation expectations remain subdued. On one hand, wage pressure seems to be rising in the U.S. and even Europe, but many commodity prices including oil have been weak.

The "Goldilocks on Ice" environment could very well last another 12-18 months, for all we know. Yet our caution, our inability to find enough truly cheap stocks around the world remains linked, and overwhelmingly so, to valuation levels. Those valuation levels have now been stretched for a while. The word Warren Buffett has recently used in the latest annual report of Berkshire Hathaway is "sky-high". The precise quote Warren Buffett used was, "Prices are sky-high for businesses possessing decent long term prospects."

We find noteworthy that Warren Buffett is willing to sit on a huge pile of cash, over $100 billion, which equates to roughly 20% of Berkshire Hathaway's intrinsic value. And we are thrilled that he's now willing to entertain more buybacks at Berkshire Hathaway without the constraints of a formula. To the extent that Berkshire Hathaway still trades based on our analysis at a discount to its intrinsic value, any buybacks would be nicely accretive to that intrinsic value per share.

No need to rehash the reasons for these very high valuation levels: QE and low or negative real interest rates; TINA (There Is No Alternative); record profit levels due to more and more oligopolistic, if not monopolistic industry structures; record share buybacks in the U.S.; record multiples paid in mergers and acquisitions transactions by either industry or financial buyers. And when commentators observed that foreign stocks are now much cheaper than U.S. stocks, be they foreign stocks in Europe or Emerging Markets., we have to

caution that many of them are not of the same quality as many U.S. companies and thus deserve to trade at much lower valuation levels.

Now it seems that some new cracks may be surfacing while other ones might be getting wider. For several years now, we have observed the sharp increase in corporate debt outstanding around the world, including as a result of massive share buybacks in the U.S. Our friends at FPA in LA have written a very good white paper with a lot of relevant data points recently. The title of the paper was “Risk is where you are Not Looking”. Many companies may have made Faustian bargains to please Wall Street. The peak of many companies’ obsession with short-term financial results, with cost cutting and zero-based budgeting and financial engineering *may* be behind us with the recent sharp declines in GE as well as Kraft Heinz stocks. Higher levels of corporate debt matter for credit markets, but equally if not more, to equity markets, as we’ve seen in the case of GE and Kraft..

Interesting recent articles on that topic include, in the Financial Times, “BIS Sounds Alarm on Risk of Corporate Debt Fire Sale” on March 5th and “Ballooning U.S. Debt Pile Puts Investors on Guard” on March 12th. An article in the Wall Street Journal on February 28th, “How Debt Makes the Market Volatile”, highlights that in the United States corporates have increased their borrowings by 50% from $6 trillion in 2010 to over $9 trillion today, within barely nine years. There have also been big increases in government bond borrowing over the past 10 years. Relative to GDP levels, U.K. government debt has more than doubled, while the stock of U.S. debt has risen by 60%, again over the past 10 years. Finally, if you look at China’s overall debt levels, not just corporate, but including household debt and government debt, those levels relative to GDP have more than doubled over the past 10 years to reach 300%, not far from U.S. levels.

The abruptness with which central bankers reversed gears early January is an alarming tale of how hooked the investment community is on monetary opioids if the withdrawal symptoms get too severe. Societe Generale’s strategist Albert Edwards put it neatly, “Free money is now the drug of choice and the central banks have basically declared it legal and readily available. The problem with this strategy is that investors are now becoming detached from the reality of the surroundings which could easily prove fatal.”

Another intriguing crack is the observation over the past 3-4 years that the liquidity of markets, especially equity and bond markets, has dwindled, raising the possibility that future routes may be far nastier than ever before. As Robin Wigglesworth observed in the Financial Times recently on March 17th, “liquidity is the scary absentee in rebound for stocks”. Another remarkable development occurred just over the past week or two, not so much

a crack, but a frightening example of investor's willingness to ignore valuations for certain companies. As Lyft – the ride hailing company – was getting ready to go public this week, analyst and CEO, Rett Wallace from Triton Research, observed that company's filings omits details that are necessary to create a financial model of the company. His quote, "It is never good when companies decide not to be straightforward about the math of their business. And these guys told almost nothing you need to build a model." Quite frightening.

Finally on the political front, we observe more polarization in many countries with socialistic policies embraced by more and more individuals that used to be center or center-left. And there are more populist or even ultra-right wing policies possibly favored now by people who used to be more moderate. I recently read Madeleine Albright's book, "Fascism: A Warning", and that was rather chilling. I do hope history does not repeat itself.

Also intriguing is that antitrust authorities, not only in Europe but also in the U.S., may finally start to be a lot less accommodating. I recently enjoyed reading the book, "The Myth of Capitalism: Monopolies and the Death of Competition" by Jonathan Tepper, especially since this writer actually respects real capitalism and capitalists, and is not at all a leftist shill.

3. Explain why we own some gold in both funds.

Why do we own some gold in both funds? We own a little bit more now than at the end of September, simply because we believe that valuation of financial assets remains stretched, that real interest rates are likely to remain low or negative in many currencies for a long while and because even though we think the U.S. dollar may still go up against other currencies, it is increasingly looking like "a competition of who's the ugliest" in currency land. Nonetheless, we should not dismiss the possibility that at one point the U.S. dollar may weaken - that is typically good for gold. We still prefer bullion in both funds to gold mining shares. Although it's interesting to see right now, as we speak, an attempt at a major consolidation and hopefully better financial discipline in what has been a horrendously managed industry for the past 30 years or so.

4. Explain why we hold some cash in both funds as well.

Why cash? Why do we bother with cash in both funds? For several years the returns on our funds were being diluted by a significant allocation to cash, which was a residual, not the result of an active or tactical decision. In light of the good stock picking that was displayed in both funds, some of our clients questioned why we were willing to hold such elevated cash positions rather

than buy more of every single position in the funds and be more fully invested. Last year, 2018, was a great reminder that at times, especially when everything has been bid up (small, large, mid, growth, value, etc. due to quantitative easing), every possible asset class might become expensive. When that happens, gold may offer some refuge or hedge, although a very imperfect one. More often than not gold is inversely correlated to stocks and bonds, but not always. Gold was initially down last year, and while it came back towards the end of the year, it ended flat and was not able to act as a hedge. When that happens, cash becomes the only buffer. That was made clear last year, as well as the fact that in a correction or a bear market, many stocks go down and the underlying intrinsic value estimates have to be revised down as well. There are also many other names, including some of those cash rich companies, whose share prices go down for no reason in that there has been no impairment whatsoever to the intrinsic value estimates, but yet they go down temporarily. There are quite a few in Asia that we own, in Japan and South Korea. I think Ben Graham, the father of value investing, had observed a long time ago that factually cheap stocks will often go down in a bear market (only to recover with a vengeance later) if most stocks are quite expensive at the beginning of a bear market.

Besides being a buffer, cash has that unique attribute of being a call option, that ammunition, that dry powder that is actually needed to buy bargains at some stage when they surface as some did to an extent in late December, early January. So one should always try to view gold as the equivalent of a bidding paddle tucked into one's pockets. I'm very fond of the Yiddish proverb, "Prepare for the worst, the best can take care of itself."

1. Should one still bother with the international stocks today, that is to say non-US stocks after their dismal performance?

I think the question is appropriate as international stocks either in EAFE or EM have lagged U.S. stocks so much for at least 10 or 11 years now. The headlines from newspapers in foreign countries are frightening with Brexit, the Yellow Jackets in France, the situation in Italy, Venezuela, China, Turkey and so forth. It is also a fact that the vast majority of the greatest businesses in the world are actually owned by U.S. companies: Google, MasterCard, United Technologies, American Express, Aon and so forth. Then again, why bother?

Well one, we believe that some of the great businesses out there actually only exist outside the U.S. Think about Richemont, LVMH, Hermes, FANUC, Samsung Electronics, Shimano, EssilorLuxottica, Bureau Veritas, and many others. I think it would be frankly sad to not be able to own some of those wonderful names. Two, there are many family-controlled listed companies outside the U.S. in France, Japan, Asia, South America. These historically

have performed far better than their local indices. Outside the U.S. there is a very fertile ground to hunt for these well-managed, cautiously managed, long-term oriented, family-controlled businesses. Three, there have been far fewer stock buybacks outside the U.S., as well as much more frequent and pronounced economic cycles outside the U.S. That paradoxically allows for greater volatility of those foreign stock markets and foreign stocks which, on one hand, may be viewed by you or your client as bad or as spooky, but is actually music to the ear of a genuine value investor. Think about how volatile Japanese stocks have been over the past 6 or 7 years and how volatile European stocks have been over the past 3 years, as well as South Korean stocks, which were down about 19% last year, and EM stocks in general.

Another argument put forth against investing outside the U.S. is the unpredictability of currencies. Again, one can decide to selectively hedge certain currencies be it the yen, the Swiss franc, the euro, and yet one may want to own an underlying stock in those regions. The U.S. dollar may not go up forever. And even if you were to restrict yourself to U.S. companies, to the extent that many U.S. companies generate 40%, 45%, 50% of their earnings overseas, those companies would be hurt if the dollar were to strengthen some more.

2. Why should one bother with a value investing strategy, and an active one, to boot, in today's environment?

It is true that the headwinds have been massive, and that's an understatement, for over 10 years now. Quantitative easing and low interest rates have resulted in very rich valuations. To add insult to injury, economic cycles seem to last much longer and are much more muted than ever before, making the recurring reappearances of bargains much less frequent than before. In a recent study, AllianceBernstein noted that compared to the 19th century the frequency of recessions keeps receding in the U.S. During the 19th century in the U.S., 50% of the time was spent in recession, only 26% of the time during the 20th century and only 8% of the time so far in the 21st century. The average length of expansion used to be 25 months in the 19th century, 44 months in the 20th century and now 101 months so far in the 21st century. The average depth of GDP decline was 3.7% in the 19th century, 4.3% in the 20th century, but is only 2.1% so far in the 21st century. Conversely, average real growth was 4.1% in the 19th century, down to 3.6% in the 20th century, and only 2.8% so far in the 21st century, again, a lot more muted.

Why be a value investor when rates are at an ultra-low, economic cycles are far more muted than before and corporate profits remain stubbornly elevated? We believe that the current state of affairs will not last. One, the stats I

described are for the U.S. only and, thankfully, economic activity remains far more cyclical and chaotic in the rest of the world. Two, if inflation or stagflation ever were to come back to the U.S., and in light of the amount of financial leverage out there (the corporate debt we discussed earlier), I think the U.S. economy would become far more cyclical than the numbers presented by AllianceBernstein. Three, with more and more disruptions impacting so many industries and companies, we believe that individual stock picking, not picking sectors, will make a bigger difference than ever before. Think about certain sectors; who will be the winner in the next 10-15 years? Will it be BMW or Toyota or Honda or Tesla? In pharmacy, will it be Walgreens or CVS? In retail will it be Target or Wal-Mart or, not to mention, Amazon? Among the integrated oil companies, will it be Chevron or Exxon, etc.?

3. Why we believe that IVA strategy makes sense for many clients especially in today's environment.

Many clients' objectives have to do with capital preservation, even at the risk of lagging along the way in up markets. Capital preservation is particularly difficult in today's environment of very high valuation levels for stocks and bonds. Hedged strategies make a lot of sense in this environment, but unfortunately it is difficult to find good, reliable alternative funds and their costs tend to be quite high. John "Jack" Bogle, the founder of Vanguard who recently passed away, was a remarkable man in many ways. Of course, he was right in that costs matter tremendously. But I do believe that there was a flaw in his framework; he insisted that investors should hold on to their passive funds, including the low cost S&P 500, rain or shine. He ideally wanted investors to consider these index funds as permanent investments.

The reality we have observed is that many investors do not stomach volatility well, be they invested in a passive fund such as the S&P 500 or a volatile active fund such as Fidelity Magellan, when it's used to be so successfully managed by Peter Lynch. Because of people's apprehension for volatility, they tend to bail out at the wrong time. The S&P was almost flat for 10 years from 2000-2010, with difficult years such as 2002 and, of course, 2008. Amazing that more clients lost money rather than made money when Peter Lynch was managing his funds so successfully, but with lots of volatility, because they bailed out at the wrong time.

The Worldwide Fund does make a lot of sense for clients whose goals are asymmetrical; they either want to stay rich or conversely cannot afford to lose the little they have either for their retirement or their kids' college education, and/or for people who cannot stomach too much volatility. Our International Fund - our more focused, specialized fund - we think is very valuable for

clients or advisors who enjoy doing their own asset allocation, yet would like an international fund which in the past has exhibited a lot less volatility than other international funds or international indices.

Chuck.

Chuck de Lardemelle: Thank you Charles.

I will now describe briefly how our mutual funds are positioned as of March 20th, 2019 and make some brief remarks on the investment landscape.

Currently, our overall equity exposure is roughly 62% in Worldwide, and 77% in International. Our corporate and sovereign bond exposure is 2% in Worldwide and 3% in International, mostly in the depressed energy sector for both funds. Our Gold Bullion exposure is roughly 6% in Worldwide and 7% in International. Our cash, invested in short-term commercial paper, is 30% in Worldwide and 13% in International.

In terms of geographic exposure to equities, for the Worldwide Fund, approximately 20% is invested in U.S. equities, 24% in European equities, 16% in Asian equities, and 2% in South America. As for the International Fund, approximately 36% is invested in Asian and Australian equities (with Japan being 13% of the fund's assets and South Korea 12%), 32% is in European equities, 5% of assets are in South America and the remaining 2% is in a global U.S. company.

Finally, our Japanese yen exposure is roughly 25% hedged in Worldwide and 35% in International, while our Euro exposure is 10% hedged in both Worldwide and International. Our Korean won exposure is 40% hedged in both funds.

The renewed volatility in 2018 allowed us to put a reasonable amount of cash to work. For the Worldwide Fund, equities were 52% of assets on January 1st, 2018 and 61% a year later on January 1st, 2019. Most of the cash was put to work towards the end of 2018, being 53% in equities on November 1st, 55% on December 1st and 61% at yearend.

2018 was a contrasted year with international markets on a downtrend as early as February, while the S&P 500 reached its high in September. Not surprisingly, we found most opportunities outside the U.S. with all nine points of increase in equities in Worldwide over the calendar year taking place outside the U.S. Unfortunately, equities did not remain on the sale for long, and current levels offer far less opportunities, in our opinion.

As for International, equities were 67% of assets on January 1st, 2018, and 80% a year later on January 1st, 2019. Most of the cash was put to work in the second half of 2018 being 68% in equities on July 1st, 71% on November 1st, and 80% at yearend.

It's been an unusual cycle with super low interest rates, central banks supporting (if not manipulating) prices of financial assets; additionally, the U.S. economy is currently being supported by a large fiscal stimulus likely to turn into a huge budget deficit during the next recession. The U.S. yield curve, the temporary staffing numbers, and car sales in the U.S. all indicate that we are in the very late stages of this record long economic cycle, yet none of these indicators are flashing red just yet. It remains to be seen whether the September high on the S&P 500 marked the high of this record long bull market in the U.S.

The landscape is remarkably different outside the U.S. The MSCI World ex-US trades below its 2007 top, and at roughly the same level as it did in June 2011. In the December portfolio composition, Samsung and BMW popped up in the top 10 positions; both are heavily cyclical companies. We bought them with some trepidation given the peakish nature of their respective cycles. Yet, we believe the price of these securities at the time discounted an unlikely doomsday scenario.

Buying BMW now certainly is a contrarian call, especially as car sales are struggling, seemingly, in every large geography. Last year car sales dropped in China for the first time in decades, automobile sales are weak in Europe and the U.S. as well. Yet, we believe the BMW share price today is compelling for investors. BMW currently is sitting at a price to book comparable to mid-2009, while having a much more robust balance sheet today with roughly 15 billion euros of net cash. We believe we are paying around 10% of revenues and 2x free industry EBIT for the automotive business, assuming the finance business is worth 120% of book.

Headwinds are real and well-flagged for the automobile industry in general and BMW in particular. Volumes sold by BMW (including the Mini and Rolls Royce) are peakish at 2.1 million cars worldwide in 2018. China, which may be experiencing a credit bubble, is a substantial part of the automotive profits, roughly a third. Research and development and CapEx are running very high and will continue to run high for the next couple of years because of powertrain electrification, self-driving innovation, and very stringent CO2 new emission rules in Europe. Trade tariffs are detrimental to margins; the recent BMW new models lack imagination in design, yet we believe that these headwinds are temporary and that BMW will remain a very strong car franchise 10 years down the road. Finally, BMW is also facing renewed

competition with Tesla. Tesla currently enjoys a similar market capitalization to BMW, yet BMW has 4x the revenues in its automotive division, and its profitability is "best-in-class," while Tesla loses money.

Because the near term outlook is murky at best, BMW shares are selling at 80% of book for 12% return on equity in 2018. The 2018 return on equity is depressed by the cash on the balance sheet and operating margins in the automotive division that are already substantially below peak cycle (around 7% versus 10% at the top). Return on equity of the financial arm for 2018 was 15%, while return on capital employed for the car manufacturing operation was 50% in 2018. BMW's dividend yield is slightly below 5%, and covered by the depressed automotive free cash flow. Finally, in order to put the current valuation into perspective, we note that BMW shares currently trade at a similar price to book to 2009, in the midst of the great financial crisis.

Assuming BMW automotive is worth 50% of revenues (that is 8x our estimated normalized free EBIT) and the financial division is worth 120% of book, and adding the net cash, BMW shares could be worth roughly double the current share price within 3-5 years, depending on how the global economy evolves over the period.

Moving on to Asia, a few words on Samsung Electronics: we believe that security to be seriously undervalued today as well. First off, the whole Korean market is selling below book value, not a sign of speculative market despite the 10-year government yield in South Korea being below 2%. The return on equity of Samsung over the last 10 years has averaged 17.4%. And we paid 1.1x 2018 book value in December last year. The semiconductor business is class act, in our opinion, but currently entering a severe downturn after a few glorious years. Yet, we believe the return on equity for 2019 and at the bottom of the cycle should be roughly 9%-10%, despite being negatively impacted by a huge and growing cash pile on the balance sheet. Part of the outcome of our investment will depend on continuous improvement in governance and a willingness to return capital to shareholders. Samsung has made encouraging statements in the recent past on that front. A simple way to think about the Samsung valuation is to think of the return on equity as your coupon and price to book as the price paid for the bond. In essence, we paid 110% of book for 17.4% average coupon over the last 10 years; in the next cycle, the return on equity can only stay around that level if Samsung distributes more of its free cash flow. The 17.4% over 10 year average was achieved in a very favorable cycle, yet ex the cash and the investments of the balance sheet, the return on equity would be much higher. Below 40,000 won in December 2018, we paid roughly 3x peak EBIT of

2018, 6x anticipated trough EBIT for 2019. Samsung common shares have rallied traded at book value of below in the 10 years.

Long-term risks include mostly Chinese competition at this point, both in smartphones and semiconductors. We believe the barriers to entry in the semiconductor business today are massive and the industry has consolidated; a new semiconductor plant sets you back roughly $5 billion, and research and development is very substantial so you need scale. The smartphone franchise should continue to do reasonably well as long as innovation allows Samsung to be ahead of competitors on the high end phones; foldable screen are an example of an innovation driven by Samsung's leadership in components, including chips and displays. Both Samsung Electronics and BMW appeared in the top 10 position both Worldwide and International in December 2018.

While there were seemingly reasonable opportunities during December, especially outside the U.S., we remain cognizant of a number of risks and imbalances: government debt continues to gallop up around the world, the Eurozone continues to struggle and its economy has been deteriorating since the summer of 2018. Italy, in particular, remains a concern because Italy cannot print euros and its banks remain constrained by non-performing loans and lack of deposit growth. Excesses in credit in the U.S. may be concentrated in the corporate sector; the excess we believe has been channeled not through U.S. banks, but through an illiquid and dangerously overvalued high-yield bond market, in our opinion. We note as well the U.S budget deficit, very large into context of full employment - what happens in the next recession? But despite the issues, one has to consider price when investing and, as noted earlier, the international markets are not nearly as expensive today as the U.S. market. To conclude this global tour, I'll say a few words about a South American security we acquired for both funds in the third quarter of 2018.

Grupo Mexico is a holding company listed in Mexico with the main asset being Southern Copper Corporation. Southern Copper is a copper miner of high quality; its mines are low cost, benefit from long life reserves, and carry little financial leverage. Southern Copper is listed in the U.S. under the ticker SCCO. SCCO currently trades not far from fair value, in our opinion. Mines held by Southern Copper operate mainly in Mexico and Peru, meaning there are some political risks around royalties and taxes by the local government. Grupo Mexico was 90% of Southern Copper and Southern Copper accounts for over 80%of Grupo Mexico's NAV. There is no debt at the Grupo Mexico level, and the rest of the NAV is largely comprised of a listed Mexican railroad. Grupo Mexico briefly traded at a roughly 45% discount to the market value of its listed assets in the third quarter of last year. The shares have rallied in U.S. dollar terms since our purchase, but still trade at a 35%

discount to the listed NAV. Were Grupo Mexico to decide to buy the Southern Copper minorities, we believe the holding discount would likely disappear, resulting in a substantial appreciation for Grupo Mexico. Incidentally in 2013, Grupo Mexico showed a slight premium to its market NAV and traded at $4 a share versus $2.70 now, and our roughly $2.20 cost basis. In the last 10 years or so, the average discount to NAV was roughly 20% versus 35% currently.

Risks include political upheaval in Mexico and/or Peru, resulting in higher royalties to the government, as well as, of course, a sharp fall in the price of copper, likely driven by China bust, or a global recession. On a look through basis though, we believe we bought the mines at reasonable multiples even if copper falls to $2 per pound versus the current copper price of close to $3 per pound.

Of these three securities, only BMW remains at very depressed levels in our opinion today; both Samsung and Grupo Mexico have rebounded strongly from their 2018 lows, but remain reasonably valued today, we believe. It would likely take a depressed copper price triggered by a global recession to allow us to buy more Grupo Mexico and for it to appear in the top 10 positions of either or both funds.

Because of our strong bias towards preservation of capital, we would expect to outperform benchmarks in bear market or difficult markets and underperform in strong bull markets or towards the end of a long old bull market. We do not pay attention to benchmark performance over a month, a quarter or a year. Over the long-term however, we aim to deliver attractive absolute returns and hopefully do as well or better than these equity benchmarks.

All of us at IVA are extremely grateful for your continued support. That concludes my prepared remarks, and I would like to turn the call back over to the operator to open up the call for questions. Thank you.

Question: I was just wondering in the Worldwide Fund, since international prices have generally gotten weaker or more depressed, have you over time increased international exposure versus U.S.? Has that changed to your kind of allocation one over the other?

Chuck de Lardemelle: Yes, over the last 12 months or so, the U.S. allocation has stayed stable at 20 points. And all of the increase 9 points over 12 months has all been outside the U.S.

Question: I remember you saying that on the call, but I was just curious, over the last 10 years, are you at a low in U.S. securities in the Worldwide Fund or do you try to keep a certain percent U.S. versus overseas?

Charles de Vaulx: No, but I think the allocation we have today in U.S. equities, not to mention the fact that we own very little in the form of U.S. high-yield bonds which we view as equities in disguise – that allocation relative to foreign equities has never been as low as today. I don't have the actual data in front of me, but relative to foreign equities I don't recall a situation where it's been as low as today for obvious reasons, which Chuck discussed, which is that there's been this growing performance divergence between U.S. stocks on one hand and foreign stocks on the other.

Question: I was wondering if you can comment on outflows. I'm a new investor, and last year I think there was a tax bill. And then also, if you can comment on value investing. I think Charlie Munger said that the way him and Warren invested in the past won't work very well in the future, and I think you got us hinted in that. But can you just give a little bit more information? Thank you.

Charles de Vaulx: Yes, I'll start with the second part of the question. Hopefully Chuck has some data points regarding flows.

Yes, I think Charlie Munger at the shareholders meeting at the annual meeting for the Daily Journal alluded to the fact that today, one would need to fish in different areas to be a proper value investor. I think he may have alluded that if he were young and had smaller amounts of money maybe he would fish a lot among Chinese securities.

We obviously have looked at many Chinese securities over the years, and we have not exactly been impressed by the business models, by corporate governance, by the disclosure, and not to mention that at the macro level we think that China might be in the midst of one of the biggest credit bubbles ever.

Conversely if you look at, not so much what they say, but what they do – I'm talking about Berkshire Hathaway - it seems to me that the way Warren Buffett operates remains very classic and old fashioned. Yes, he's tried to dabble in IBM and realized after a while he was not comfortable, it took him even less time to realize that he was not comfortable with Oracle. Obviously it was somewhat of a departure for him to invest in Apple Computer. But by and large when you look at stocks that he's eager to buy, he's added a lot to financials over the past few quarters or businesses that he's willing to buy, I think it remains very classic and ultimately in line with what he's been doing over the years.

Chuck de Lardemelle: I think a lot of talking about the demise of value is looking mostly at indices that work on a price to book basis and price to book was a relevant metric back in the 20th century, especially the first part of the 20th century when we had mostly industrial companies. And I've referenced price to book a number of times today on BMW and Samsung because they are industrial companies.

But for services, for software, for luxury goods, price to book is irrelevant. Other metrics do apply and that does not mean that value investors can't invest in services, software or luxury goods. Indeed we do, whether it's Bureau Veritas or Sodexo, whether it's Richemont, whether it's Microsoft or Oracle or Google, all names we currently own or have owned in the past. We've been able to make investments in these less capital intensive businesses because there was a gap in our opinion between where these equities were trading for and what we thought knowledgeable investors would pay in cash for the whole business.

So if you define value as we do, i.e. buying securities at a substantial discount to what a knowledgeable buyer would pay for the whole business, I don't think value is dead at all. And on the contrary, I think it will continue to do very well over time.

As for the redemptions for the mutual funds, up to March 15th, the redemptions have slowed down substantially to about 1.5% of assets so far this year in total. As for the potential distribution towards the end of the year, we always give an estimate around October. And last year, there was a big gap, I think, between the cost basis for the portfolio and what we were selling. And the gap, at least today, between the value of the portfolio and the cost basis of portfolio is a lot less. So hopefully that means that any sale would not trigger as much in distributions, but again we'll give you an estimate in October.

Question: I have three questions. You wrote in your yearly review that we did not sell when the price came up to our intrinsic value, talking about Bureau Veritas. Can you explain that a little bit more? That's the first question.

The second is could you not buy some more of the companies that you're buying in the International Fund in the Worldwide and have less cash, or is it a matter of liquidity?

And the third question is a bit more general. Do you think Gilets jaunes would really disrupt way more in France and that could have a ripple effect on companies? Thank you.

Charles de Vaulx: Thank you. I'll try to answer the first two questions, and maybe Chuck can opine on the Yellow Jackets, the Gilets jaunes.

So Bureau Veritas - the testing, inspection, certification company – we think is a great business, we view it as a cyclical growth compounder. Some of the cyclicality by the way, it's not just the general economic cycle, some of it is also tied to shipping and/or energy. And in fact it's the downturn in both of those industries in 2015 that allowed us to buy a lot of the shares cheaply because the earnings were somewhat depressed, and the earnings had stopped growing for a year.

So what happened last year is that the stock – by midyear I would say – started trading at a premium to our intrinsic value estimates. And so the conundrum became do we take some gains, do we reduce the position maybe by a third or, because it's such an exceptional company – we have fair amount of cash in both funds – are we willing to ride the stock even if it goes down either for cyclical reasons or because of correction in the stock market?

So I think the stock maybe peaked at 23-24 euros and then the markets corrected, the stock fell down to maybe 21. And then there was news that the controlling shareholders, Wendel, wanted to reduce a little bit of its stake from 44% to 40% – still a great commitment to the company, still actively being present on the board of Bureau Veritas.

And so the parent company placed those shares, 4% of the capital, at I think 19.2 euros per share, and the placement was not well made. The next thing you know, with a lot of the tax loss selling that took place late December, the stock troughed at around 17 euros, a level which was quite a bit below our intrinsic value at the time. In fact, we started to add a little bit to our position in the very first days of January 2019.

So again, when you have companies that are very cyclical like Manpower, Randstad, Kuehne and Nagel to some extent, Expeditors International, I think it's easier to trade those positions with the understanding that these are great businesses, but cyclical.

I think Bureau Veritas was a tougher call. Now, the stock has bounced back to 21.5 as we speak, our intrinsic value has gone up because now we're looking at one year ahead of where we're looking late last year.

So because it's a stock we are very fond of, it represents a decent size position, especially in the International Fund north of 4%. And unfortunately,

when the stock abruptly went from a 23, 24 to 17, it hurt. But again, I'm glad the stock has bounced back.

Now, the International Fund versus the Worldwide, there aretwo items. One – and I maybe alluded to it at the tail end of my comments - the International Fund tends to be used overwhelmingly by people, advisors, in particular who like to do their own asset allocation, who like to decide how much in the U.S., how much outside the U.S., how much value, how much growth, how much cash, how much high-yield bonds and this and that. And so everything else being equal, we manage that fund with slightly less worry about capital preservation year in, year out. We're willing, everything else being equal, to hold a little less cash in that fund versus the Worldwide.

And the second point is that that fund, because it is smaller than the Worldwide fund, it is able, because of its smaller size, to invest in many small stocks in places such as Japan or Malaysia or Mexico or South Korea, names that are big enough for the International Fund, but just too small for the Worldwide. If I had to guess, there are maybe 15 foreign names that are in the International Fund that are not in the Worldwide because they're too small.

Gilets jaunes, Chuck, do you have any thoughts?

Chuck de Lardemelle: Thanks, Charles. Actually what's happening is that, surprisingly so maybe at first blush, the French economy is growing faster than the German economy for the first time, I think, in over 10 years.

And the reason is simply that the Gilets jaunes obtained a minimum wage increase that was done smartly, smartly in the sense that there was also a cut on taxes on labor paid by corporations. So the price of labor in France is not going up, but people had more money in their pockets and they've been spending that money. So that helped the French economy which surprisingly is growing slightly over 1% now, and faster than the German economy.

Of course we see the protests in Paris every weekend, they seem to be getting worse. But it used to be 300,000 people on the street every Saturday, now it's down to 25,000 throughout France, not just in Paris. And it's really not the Gilets jaunes any more, it's not the Yellow Jackets, it's a bunch of people who will come in to loot. And it looks like the government now is taking some serious steps to stop the looting to the point where they are going to call the army next weekend, not to keep people away, but just to make sure that these soldiers guard some landmarks while the police are able to go after some of these looters. So they seem to be changing tack and I would hope that we are going through the very last weekend of looting in France.

Obviously it's been negative for tourism in Paris, and it's been very negative for luxury goods sales in Paris as well, but hopefully tourists that have postponed their trips will come back.

So far, contrary to what people might think, it's not been too difficult on the French economy.

Also, as a reminder, this is a good opportunity to mention that you may look at the International Fund and say, well they have 12% in France, and Worldwide is 8% in France. But if you look at just two top positions in France, Bureau Veritas and Sodexo – Bureau Veritas has 15% of its revenues in France, and Sodexo has 10%. Sodexo makes more money in Brazil than they make in France, and they have 40% of their revenues in the U.S. So those geographical breakdowns can be somewhat misleading as to where the true economic exposure to portfolio is.

Question: Can you talk about, if you didn't, the state of the auto market? Are there too many plants or anything like that? Do you have kind of a broad overview of how you view the auto market?

Chuck de Lardemelle: Sure. It looks like the auto executives have learned a ton from the previous downturn, and have been a lot more disciplined this time around, one.

Second, BMW has a zero day's working capital, which makes it quite different from some of the European manufacturers, and some of the U.S. manufacturers. What that means is that if we were to go into a global recession and revenues fall, there is a lot less of a cash drain at BMW than there are at French or U.S. car manufacturers. The other automotive manufacturer we own, Hyundai, which we believe is low cost, also has a 0% working capital requirement.

My long term worry about the car industry as it exists today is about the fact that it is much easier to build an electric vehicle than it is to build a combustion engine, and that would make it much easier for the Chinese to eventually become a force in the car manufacturing industry. So far the Chinese have not handled their car industry very well. There is substantial overcapacity in China. The local Chinese manufacturers tend to be small, have not consolidated, each region tends to have its own car manufacturer. But if they were to get their act together, consolidate, build larger and more automated plants, it's possible that over the next 10, 15, 20 years, China becomes a force in the car manufacturing market, especially as the internal combustion engine goes away and it becomes much easier to build a car that you could export to Europe or the U.S.

Charles de Vaulx: If there are no further questions, thank you for your participation. As usual, you should expect within the next few days the ability to listen to this conference call on our website, the audio replay. And then within 7-10 days, you should be able to read the transcript of this conference call.

Thanks again. Good night.