



# Quarterly Reviews

Class	Ticker	CUSIP
A	IVIOX	45070A305
C	IVICX	45070A602
I	IVIQX	45070A404

*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 (866) 941-4482.*

The IVA International Fund Class A (NAV) ended the quarter on June 30, 2019 with a return of 2.13% versus the MSCI All Country World ex-U.S. Index (Net) ("Index") return of 2.98% for the same period.

The Second Quarter was a tale of two market moods. While generally happy in April, in May the market was depressed and volatile, nervous about slowing economic growth and irritated by multi-front trade tensions. Most every asset class saw a significant slide. In June, the mood quickly shifted when the Federal Reserve showed up with the long promised cavalry. They turned words to action with a rate cut that, again, made markets happy. In concert, the ECB continued its rhetoric, supportive of low rates and additional stimulus if need be. Stocks and bonds all rallied in June reversing the weakness in May and resulting in most asset classes having a good first half of the year. We continue to watch in amazement at the Central Bankers' willingness to prescribe more and more opioids to satisfy the addicted market. We keep wondering what will happen when the drug is no longer strong enough or the supply runs out?

Though we are keen observers of the markets and economies, we are not forecasters, and have been at this long enough to know forecasting is pointless. Rather, we are looking to assess risk and try avoid it whenever possible or at least stack the risk vs. reward in our shareholders' favor. We do this by 1) valuing businesses one at a time and looking for those (usually) good businesses that are trading at prices we think offer a discount and 2) keeping an eye on the macro picture and attempting to keep the portfolios away from areas that look particularly poised for trouble. Typically this has resulted in smoother sailing, however over the past 6-9 months results have been mixed.

During the quarter, the fund's equity only results in both April and June were roughly in line with the index performance. In May however, our equities did worse than the index (-6.4% vs. MSCI ACWI ex-U.S. -5.4%). Underperforming on the downside is not something we expect. Quite a few of our top holdings were weak, especially in May - including AIB Group, Astellas Pharma and BMW. The good news is that in most cases we consider these price drops to be temporary, and are still happy to hold on to them. When we analyze performance, we are struck by the dichotomy between both value vs. growth and also small vs. large stocks. Our benchmark index is the MSCI All Country World ex-U.S. Index, but when we look at a broader range of indices on the chart below you can see a pretty wide gap. The market momentum is clearly being driven by expectations of low rates and stimulus to continue. This makes value investing especially difficult. We are finding more and more valuations being pushed up by low rates. Those securities that appear cheap most likely have warts - either they are heavily cyclical, their space is being disrupted or the business is in bad shape. Thus, we remain cautious, patient and ready to pounce when good value presents itself.

## Investment Risks

*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.*

## Performance Information (as of 6/30/19)

Class	Q2 2019	Year to Date	1 Year	3 Year	5 year	10 year
IVA International A (NAV)	2.13%	9.71%	-2.14%	4.23%	2.28%	6.74%
MSCI ACWI (ex-U.S.)	2.98%	13.60%	1.29%	9.39%	2.16%	6.54%
MSCI ACWI Value (ex-U.S.)	1.57%	10.02%	-0.07%	8.93%	0.29%	5.43%
MSCI ACWI Growth (ex-U.S.)	4.35%	17.20%	2.64%	9.81%	4.00%	7.61%
MSCI ACWI SMID (ex-U.S.)	2.14%	12.61%	-3.81%	8.15%	2.80%	7.93%
MSCI ACWI SMID Value (ex-U.S.)	0.39%	9.72%	-3.91%	8.25%	1.77%	7.63%
MSCI ACWI SMID Growth (ex-U.S.)	3.47%	14.84%	-3.67%	8.06%	3.63%	8.15%

Our equities failed to keep up with the benchmark returning 2.3% for the Quarter vs. 3.0% for the Index. Our Consumer Discretionary names contributed the most to return by sector adding 1.5% led by high end watch and jewelry company Compagnie Financiere Richemont, followed by Industrials adding 0.5%. Communications Services names hurt the portfolio by -0.3% due to poor performance from both Clear Media Limited and Baidu Inc. Financials also detracted slightly from results by -0.2% on lackluster performance from AIB Group. Switzerland was our top performing country for the quarter adding 0.8%. Despite continuing Brexit worries, the U.K. was also a top performing country adding 0.8% as we received good news on Millennium and Copthorne Hotels. City Developments substantially raised its bid to take the company private, thus more in line with our assessment of the company's value - resulting in the stock price to rise by over 46% during that quarter. Our China exposure hurt the portfolio by -0.8%, as did our exposure to Ireland, -0.3% (AIB Group).

In terms of asset class contribution, Gold showed some sparkle contributing 0.7%, as real interest rates remain low and new expectations of the Federal Reserve cutting interest rates arose, resulting the in US Dollar showing some weakness. Our gold exposure increased slightly to 7.4% through appreciation. The fixed income portion of the portfolio remains small 2.3% and detracted slightly during Q2 at -0.1%. These bonds are primarily high yield energy related names.

Due to a weaker U.S. Dollar, our hedges detracted -0.1% over the quarter. The biggest changes in the currency hedges are that in mid-May we initiated a hedge 60% vs. the British Pound to protect the portfolio from potential currency swings as we wait for the transaction on Millennium and Copthorne to finalize. We also increased our hedge vs. the Korean Won from 40% to 52%. The rest of the hedges remain largely unchanged: Australian Dollar 40%, Euro 10%, Japanese Yen 35%.

Our equity exposure came down from 77.4% at the start of the Quarter, to 74.6% as of June 30, 2019. This is due to some trimming of top quality names that have reached our assessment of their intrinsic value. Names like Bureau Veritas, Airbus, Sodexo, and Nestle have had great performance and we are happy to hold on to some of our position, but for risk control purposes we think it's prudent to keep position sizes in line. As such the cash position ended the quarter at 15.9% almost a 3% increase from the end of Quarter 1.

Today's investment landscape certainly does not make it easy to be a value investor! The gap between value and growth reminds us more and more of the late 1990's. Of course, history does not repeat itself but often rhymes. As we look over the holdings in the fund we do believe there are genuine discounts which should be eventually recognized. We continue to believe that caution remains in order - though we acknowledge that the party could certainly go on for an unspecified amount of time. With China remaining as worrisome as ever, valuations continuing to be pushed up, and signs of economic weakness starting to percolate we think relying on time tested analysis one company at a time still makes the most sense. As we are shareholders too, we are most concerned with seeing wealth continue to compound over the long term, rather than worry about relative results in the short term. We thank you for your patience and continued support.

## Performance Information (as of June 30, 2019)

Class	Average Annual Total Returns					
	3 Months	YTD	1 Year	5 Year	10 Year	Since Inception**
A (NAV)	2.13%	9.71%	-2.14%	2.28%	6.74%	7.05%
A (with load)	-3.00%	4.22%	-7.01%	1.24%	6.19%	6.55%
C	1.91%	9.32%	-2.89%	1.51%	5.93%	6.25%
I	2.13%	9.84%	-1.88%	2.54%	7.01%	7.32%
MSCI All Country World Index (ex-U.S.) (Net)	2.98%	13.60%	1.29%	2.16%	6.54%	4.87%

\*\*Inception date is 10/1/2008.

Past performance does not guarantee future results.

Maximum sales charge for the A shares is 5.00%. C shares include a 1% CDSC Fee for the first year only. The expense ratios for the fund are as follows: 1.16% (A Shares); 1.91% (C Shares); 0.91% (I Shares). Amounts redeemed within 30 days of purchase are subject to a 2.00% fee.

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 (ex-U.S.) (Net)** 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. The Index is a trademark of MSCI Inc. and is not available for direct investment.

The **MSCI All Country World Value Index (ex-U.S.) (Net)** is an unmanaged index that captures securities exhibiting overall value style characteristics. It consists 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. The Index is a trademark of MSCI Inc. and is not available for direct investment.

The **MSCI All Country World Growth Index (ex-U.S.) (Net)** captures large and mid cap securities exhibiting overall growth style characteristics across 22 developed markets countries and 26 emerging market countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

The **MSCI All Country World SMID Index (ex-U.S.) (Net)** captures mid and small cap representation across 22 developed markets and 26 emerging markets countries. The SMID cap indices capture mid and small cap representations and the growth and value indices capture securities exhibiting these style characteristics.

The views expressed in this document reflect those of the portfolio manager(s) only through the end of the period as stated on the cover 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.

An investor should read and consider the funds' 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](http://www.ivafunds.com). Please read the prospectus and summary prospectus carefully before you invest. The IVA Funds are offered by IVA Funds Distributors, LLC.



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