January 2017

2016 Year in Review

IVA Worldwide Fund

Class	Ticker	CUSIP
A	IVWAX	45070A107
C	IVWCX	45070A503
I	IVWIX	45070A206

IVA International Fund

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.

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.

Despite a few bouts of market volatility (the first six weeks of the year as well as briefly after the Brexit vote), 2016 was most notable for extraordinary political developments which have the potential to shape markets for years to come. Although the possibility of the UK voting to leave the EU had been on investors' minds for months, most everyone was surprised by the outcome of the referendum on June 23 and markets recoiled. They may have quickly recovered, but the magnitude of the vote's ultimate financial and political consequences are still unknown. And then on November 8, Donald Trump became President-Elect of the United States. This stunning turn of events was followed by a less dramatic, but still crucial, vote of 'No' in an Italian referendum on constitutional reform, forcing Prime Minister Matteo Renzi to resign. These events indicate a rising tide of populism in many countries (the U.K., Continental Europe and the U.S.) as well as growing resentment of both rising wealth and income inequalities. A global move towards populism could have significant implications, including a revival of trade tensions and protectionism and ultimately a possible break-up of the Eurozone. In addition, with largely ineffective economic policies followed since the Great Financial Crisis, there is a growing chorus of voices arguing for a shift from monetary policy to fiscal spending and to policies that favor labor over owners of capital. These shifts could result in lower corporate profits and rising interest rates, which have the potential to act as significant headwinds to both bonds and equities. Since the U.S. election we have already seen bonds struck with the reality that inflation and higher interest rates will most likely be a byproduct of any fiscal stimulus package initiated by Trump and a Republican-controlled Congress. Equity valuations remain at elevated levels, but the U.S. Federal Reserve began raising rates in December (and strongly suggested there would be additional rate increases in 2017) and the European Central Bank and the Bank of Japan may at some point signal an end to their bond-buying programs. Having floated on ultra-low interest rates for so long, equities could face a difficult transition as rates normalize and prices begin to align with fundamentals. In addition to shifting political tides and their unknown consequences, we continue to have concerns over unprecedented credit growth in China (especially in regards to struggling State-Owned Enterprises). There is also the possibility that the U.S. dollar will appreciate further against multiple currencies in the years ahead, hurting on one hand the many U.S. companies that derive a significant portion of their earnings overseas but also the performance in U.S. dollar terms of many non-U.S. stocks if one were to be unhedged from a currency standpoint. The many emerging market companies that have borrowed extensively in USD would suffer as well. We also continue to worry about the sustainability of the often high profit margins of companies in light of the many disruptions facing their industries. The cautious positioning of our portfolio is in large part a result of all of these considerations.

The IVA Worldwide Fund Class A (NAV) was up 6.24% for the calendar year, compared to its benchmark, the MSCI All Country World Index, which was up 7.86%. Our equities performed very well, up 12.8%, compared to those in the benchmark which were up 7.8%*. Cash was dilutive to performance, but along with gold, it helped minimize drawdowns during the more tumultuous periods, notably the first 6 weeks of the year and following Brexit. Our U.S. names contributed the most to performance, adding 4.1%, helped by a few top 10 names: Berkshire Hathaway (Holding Company), Bank of America (Financials) and DeVry Education Group (Consumer Discretionary). South Korea added 1.5%, led by Samsung Electronics (Technology), which was our top contributing equity for the year. Continental Europe added 0.5%. Our holding in South Africa, Net 1 UEPS (Technology), and our holding in Thailand, Thaicom Public (Telecommunications Services), each detracted -0.1%. Our names in China detracted -0.01%.

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The IVA International Fund Class A (NAV) was up 2.50% for the calendar year, compared to its benchmark, the MSCI All Country World (ex-U.S.) Index which was up 4.50%. Our equities outperformed, up 6.0%, compared to those in the benchmark which were up 4.3%*. As in the Worldwide Fund, cash was dilutive but we were happy to hold it, along with gold, during volatile periods in the year. South Korea contributed the most to performance, adding 1.6%, led by Samsung Electronics (Technology), which, as in the Worldwide Fund, was the top contributing equity for the year. Our names in Continental Europe contributed 1.6% and the United Kingdom added 0.6%, led by a top 10 name, Antofagasta (Materials). China detracted the most from performance this year, taking away -0.5%. Hong Kong and the U.S. each detracted -0.3%. In the U.S., we hold News Corporation (Consumer Discretionary) due to its Australian exposure.

Our corporate bond exposure contributed positively to both Funds, adding 0.3% to Worldwide and 0.1% to International. Our Singapore dollar bonds added 0.01% to each Fund. In the first quarter of 2016, we eliminated our Wendel bonds in both Funds as they had become to us akin to quasi-cash in euros. Mostly as a result of this, our corporate bond exposure decreased over the year from 4.7% to 2.8% in the Worldwide Fund and from 5.0% to 2.9% in International. We also reduced our short-dated Singapore dollar bonds, as Singapore is located in what we believe may be a "bad neighborhood" for a while- Asia. Our Singapore dollar bond exposure decreased from 2.8% to 0.5% in Worldwide and from 3.8% to 1.2% in International.

Our currency hedges contributed 0.1% to Worldwide's performance and 0.03% to International. They were most helpful in the fourth quarter as the USD appreciated against multiple currencies, most significantly the JPY. Throughout the year, the only significant change made to our hedges was after Brexit when we increased our hedge on the euro from 10% to 25% in the Worldwide Fund and from 9% to 20% in the International Fund, as weakness in European banks (Italy in particular) again became evident. Our hedges ended the year in Worldwide at: 42% Australian dollar, 25% euro, 25% Japanese yen, 30% Korean won; and in International at: 42% Australian dollar, 20% euro, 35% Japanese yen, 31% Korean won

Gold was up 8.1% for the year, contributing 0.4% to each Fund. Our gold exposure increased over the year, from 4.6% to 5.6% in Worldwide and from 4.9% to 6.8% in International. We are mindful of the inverse correlation between gold and the USD, and as we saw the USD strengthen during the fourth quarter of this year, gold came down. If the USD continues to strengthen we will not be surprised to see gold continue to go down. However, in this fragile investment environment we are still very comfortable holding gold in our portfolio as we believe it provides a good hedge against extreme outcomes. Furthermore, even though nominal rates have gone up, we believe that real interest rates may stay low for quite a while, which is positive for gold.

We found many new opportunities throughout the year. In both Funds, we initiated a position in China, Baidu. Inc. Sponsored ADR (Technology) and in France we bought the equity of Wendel (Holding Company), which until the first quarter we held the fixed income of in both Funds. In Japan, we added multiple new names in both Funds, including F@n Communications (Technology), Fanuc Corporation (Industrials) and Seven & I Holdings Co., Ltd. (Consumer Staples). In the International Fund only, we initiated a position in Euler Hermes (France, Financials) and in two UK names- Jardine Lloyd Thompson Group (Financials), MITIE Group PLC (Industrials). In the Worldwide Fund only in the U.S., we added multiple new names, including Tiffany & Co. (Consumer Discretionary), and Bank of America (Financials).

While we were able to find new names, some of our existing names approached our intrinsic value estimates and in those cases we trimmed and even eliminated positions entirely. Names that came out of both Funds included Digital China Holdings Limited (China, Technology) and Miura (Japan, Industrials). In the International Fund, names that we eliminated included Danone SA (France, Consumer Staples) and Midland Holdings Limited (Hong Kong, Financials). In the Worldwide Fund in the U.S., names that we eliminated included Occidental Petroleum Corporation (Energy) and Symantec Corporation (Technology). Also in the U.S., as mentioned, DeVry Education Group was one of our top performers and we trimmed the name significantly as the share price rose sharply.

Our equity exposure ended the year at 50.0% in Worldwide and 55.9% in International. Cash exposure in Worldwide was 41.0% and 33.0% in International. We have spoken extensively about the elevated cash positions in our Funds: in publications such as *Value Investor Insight* (June 30, 2016), *Barron's* ("IVA's Trifecta: Value Stocks, Cash, Gold", July 16, 2016), in the Funds' Semi- Annual and Annual Reports, during our semiannual conference calls (March 16 and September 13, 2016) and in our December 2015 newsletter, "Do Low Rates *Truly* Justify Higher Valuations?". We are aware that holding cash means losing money in real terms and it has been difficult for us to ignore the siren call to get rid of our cash and accept more modest margins of safety on securities. However, we believe it is in the best interests of our clients to remain vigilant in our approach. In addition to the many concerns we have, including a multitude of political unknowns, credit growth in China, the possibility of an appreciating USD and the disruptions facing many industries today, we also believe that the "low interest rates forever" mentality fostered by misguided Central banks has led to nosebleed valuations on both stocks and bonds.

As we begin to see indications of a rising tide of populism and a shift from monetary policy to fiscal spending, which brings the possibility of higher inflation and higher interest rates, we are hopeful that stocks and bonds may fall enough to become attractive to us. As Charles de Vaulx and Chuck de Lardemelle wrote in their letter in the IVA Funds Annual Report dated September 30, 2016:

"We would like nothing better than genuine bargains to surface in the years ahead so that we could put both Funds' cash holdings to work! That cash has clearly diluted both Funds' returns for the past few years and we are looking forward to showcasing the great attributes of cash: not only its ability to act as a buffer when stocks and bonds go down but also its 'optionality value', i.e. the dry powder needed to pounce and be used to scoop up genuine bargains whenever and wherever these opportunities may surface."

As always, our strongest commitment is preserving our clients' assets. We believe we serve you well by not wavering from the time-tested rules of our value investing approach. We will continue to focus on valuations and only accept what we believe are appropriate discounts when we buy and hold securities. We still believe that over the next five years, financial assets appear likely to deliver modest returns based on their elevated valuation levels today and a challenging global outlook. However, we believe an eventual pickup in volatility and good stock picking should enable us to deliver respectable performance numbers.

We appreciate and thank you for your continued support.

*Excludes gold mining stocks

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Performance Information

(as of December 31, 2016)

Class	1 Year	5 Years*	Since Inception* (10/1/08)
IVA Worldwide Fund Class A (NAV)	6.24%	5.92%	8.31%
IVA Worldwide Fund Class A (w/ 5% sales charge)	0.92%	4.84%	7.65%
MSCI All Country World Index (Net)	7.86%	9.36%	6.69%
IVA International Fund Class A (NAV)	2.50%	5.97%	7.86%
IVA International Fund Class A (w/ 5% sales charge)	-2.62%	4.88%	7.19%
MSCI All Country World Index (Ex-US)(Net)	4.50%	5.00%	3.66%

*Annualized

Past performance does not guarantee future results.

Maximum sales charge for the A shares is 5.00%. The expense ratios for the funds are as follows: IVA Worldwide Fund 1.25% (Class A); IVA International Fund 1.25% (Class A). The inception date of both funds is October 1, 2008.

As of December 31, 2016, the IVA Worldwide Fund's top 10 holdings were: Gold Bullion (5.6%); Berkshire Hathaway, Inc. Class A; Class B (4.3%); Astellas Pharma, Inc. (4.1%); Samsung Electronics (2.7%); Nestle SA (2.1%); Bureau Veritas SA (1.6%); Oracle Corporation (1.6%); CVS Health Corporation (1.4%); Bank of America Corp. (1.3%); MasterCard Incorporated Class A (1.3%).

As of December 31, 2016, the IVA International Fund's top 10 holdings were: Gold Bullion (6.8%); Astellas Pharma, Inc. (4.4%); Samsung Electronics Co., Ltd. (3.2%); Nestle SA (2.5%); Alten SA (2.3%); Bureau Veritas SA (2.1%); Genting Malaysia Berhad (1.8%); Antofagasta plc (1.5%); News Corporation Class A; Class B (1.5%); Hongkong & Shanghai Hotels Ltd. (1.4%).

***MSCI All Country World Index (Net)** is an unmanaged index consisting of 46 country indices comprised of 23 developed and 23 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.*

***MSCI All Country World Index (ex U.S.) (Net)** is an unmanaged index consisting of 45 country indices comprised of 22 developed and 23 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.*

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***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.** The IVA Funds are offered by IVA Funds Distributors, LLC.*

The IVA Funds are closed to new investors.

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